

FINANCIAL TIMES

BRITAIN

A summer of frustration

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No.30,888

Friday July 7 1989

World News

Bonn to pay East Germany to combat pollution

The West German Government is to spend DM300m (166m) over the next three years supporting East German efforts to reduce pollution...

Warsaw-IMF deal

The Polish Government has agreed the outlines of a conditional plan for the economy with the International Monetary Fund...

Flights East urged

The West German Government is pressing the US, Britain and France to allow Lufthansa, the national carrier, to launch commercial flights between East and West Germany...

Business backs LDP

Japanese big business is rallying around the beleaguered ruling Liberal Democratic Party in advance of elections to the Diet's upper house...

Mugabe wins vote

President Robert Mugabe's ruling Zanu-PF won the Zaire-reshuffle by-election in Greater Harare with a comfortable majority in a very low voter turnout...

Kadar dies, aged 77

Former Hungarian Communist Party leader Janos Kadar, reviled during the early days of his 32 years in power but later praised, died aged 77.

Rome pacts collapse

Christian Democratic Prime Minister Ciriaco De Mita announced the collapse of his three-week attempt to form a new Italian Government...

New media curbs

The Sri Lanka Government extended censorship laws to foreign media and security forces have been issued shoot-on-sight orders in a crackdown on Sinhalese radicals...

Pacific links plan

Foreign ministers of the Association of South East Asian Nations responded coolly to proposals from Australia, the US and Japan for economic co-operation in the Pacific...

Gorky repair bill

Repairs to the Soviet liner Makhm Gorky, which hit an Arctic ice pack, will cost \$14m.

China rejects charge

China flatly rejected a US protest over an alleged incident in which troops fired a hail of shots into the Peking homes of foreign diplomats.

Jefferies fined

Boyd Jefferies, the former stockbroker who helped bring about some of the largest US corporate takeovers, was fined \$250,000 for helping Ivan F. Boskey file false records.

Watergate for sale

The Watergate complex, which gave its name to the scandal that ended Richard Nixon's presidency, is to be sold by the UK Coal Board's pension fund for \$71m.

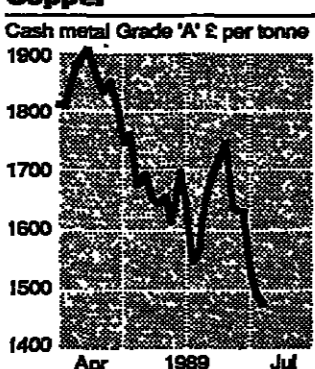
Business Summary

ICI unveils plan for £150m plant in Taiwan

IMPERIAL Chemical Industries, Britain's biggest manufacturer and the world's fourth largest chemicals group, plans to spend £150m (825m) on a new chemicals plant in Taiwan in a move which is the company's single biggest investment for a decade...

Copper

COPPER prices continued to decline on the LME yesterday. Three-month metal, which closed at \$1,461.50 a tonne...



Israeli crisis talks shelved after extremist crashes bus

By Hugh Carnegie in Jerusalem, Jihan et-Tahri in Tunis and Lionel Barber in Washington

A LOOMING political crisis in Israel was eclipsed yesterday when 14 Israelis were killed and 27 injured in a bus crash deliberately caused by a Palestinian extremist. The incident, the most serious of its kind for 10 years, happened when an Arab shouting 'Allah Akbar' (God is Great) grabbed the wheel of a bus travelling from Tel Aviv to Jerusalem, plunging it down a ravine where it overturned and was engulfed in flames...



Rescuers remove bodies from a bus which crashed when a Palestinian passenger seized the wheel

More merger moves in prospect for accountancy world

By David Waller in London

THE WORLD of international accountancy is braced for its second major merger proposal in 48 hours. Touche Ross and Deloitte, Haskins & Sells are today expected to announce that they are in merger talks, the day after a similar declaration from Price Waterhouse and Arthur Andersen. PW and Andersen yesterday announced that they were taking their first steps towards a link-up which would - if endorsed by the 4,640 partners at the two firms - create the world's largest professional services firm. Observers suggested that Andersen and PW made a good fit in commercial terms but predicted difficulties as talks progressed, particularly in reconciling Andersen's aggressive 'American' approach to PW's more discreet, 'British' style. Nobody at Touche or Deloitte was prepared to comment on the rumours swirling about the profession, and the joint statement from PW and Andersen was less than fulsome. But if the two mergers did take place, it would leave the accountancy industry dominated by four firms rather than the traditional 'Big Eight'.

Gorbachev seeks talks on Europe of 21st Century

By Ian Davidson and David Buchan in Strasbourg

PRESIDENT Mikhail Gorbachev yesterday called for new East-West negotiations, modelled on the Helsinki conference of the mid-1970s, to map out steps towards a pan-European community of the next century. The Soviet leader made his appeal in a long-awaited speech to the 23-nation Council of Europe at the end of his three-day visit to France. He said there was increasing urgency to convene such a Helsinki-type meeting within the next 18 to 24 months. 'It is time for the present generation of the leaders of the European countries, and of the US and Canada, to discuss how they contemplate future stages of progress towards a European community of the 21st century', he said. President Gorbachev's speech was clearly intended to set the agenda for such a negotiation, since it covered the gamut of issues negotiated at Helsinki - security and arms control, economic co-operation, and human rights. He stepped up the diplomatic pressure for early negotiations on tactical nuclear weapons. 'If it becomes clear that Nato countries are ready to join us in negotiations on tactical nuclear weapons, we could, naturally after consulting, carry out without further delay further unilateral reductions in our tactical nuclear missiles in Europe'. However, Nato last night implicitly rejected the Soviet leader's call for negotiations. Nato said the alliance had not changed its position set at its last summit in May when it decided to negotiate only a partial reduction in SNF weapons, once agreed cuts in conventional arms had been started. The tone of Mr Gorbachev's nuclear arms control proposal was conciliatory, but the content was clearly designed to draw Britain and France into a negotiating process which they have so far resisted. He reiterated the long-term Soviet aim of eliminating all line-tactical nuclear weapons, but admitted that this would be a stage-by-stage process. He invited Western countries to join Moscow in the search for a solution. He welcomed the Council of Europe's decision to grant the Soviet Union 'special guest status'. Henceforth, 18 members of the Supreme Soviet will be able to attend and speak, but not to vote, at the Council's parliamentary sessions. Mr Gorbachev offered to accede to some of the international conventions of the Council, including those on the environment, culture, education, and television broadcast. Continued on Page 22

Smart start for the YSL set as shares cut a dash

By George Graham in Paris

STOCK markets go up when shirts get shorter, as the adage claims. But this year, fashion designer Yves Saint Laurent may have to push his hemlines up to the hip if he is to catch up with his own share price. The company's introduction to the Paris second market had to be postponed yesterday, swamped by the oversubscription. Bids were placed for 103m shares, compared with only 400,000 shares on offer at a price of FF253 (5133) each. 'We thought that it might be oversubscribed, but we were not expecting these proportions. It is always agreeable to know that you are in demand, but we are not losing our heads', said Mr Jean-Francois Bretelle, group finance director. Yves Saint Laurent will start afresh and relaunch the offer on Monday at the same price. But this time bidders will be required to deposit money in advance in an attempt to deter speculators in search of quick profits. The designer's new winter collection will be shown two weeks later, but the height of the hemline is still a jealously guarded secret. The share issue capitalises Yves Saint Laurent at 18.8 times its forecast 1989 earnings of FF175m and some brokers had thought the price a little steep for such a heavily borrowed company. Francois Dufour Kervern, brokers to the firm, were more optimistic and estimated the shares to be worth FF937 apiece. The shares on offer will put 10.9 per cent of the company in the hands of the public, alongside the 37.3 per cent already placed privately with institutional investors. The fashion group's competitors, for the most part, regarded the price as very reasonable. Saint Laurent has changed radically from the small company founded in 1961 by Mr Saint Laurent and Mr Pierre Bergé, the group's chairman. Three years ago, it changed dimension - and pumped up group debt - when it paid \$630m to buy back the Yves Saint Laurent perfume business owned by Charles of the Ritz. For 1988, perfume accounted for 86 per cent of group sales of FF2.63bn and 73 per cent of operating profits of FF439m; the couture business accounted for the balance.

Brady and Mulford underline US desire for a stable dollar

By Peter Riddell, US Editor, in Washington

THE US welcomed the sharp fall in the dollar in foreign exchange markets in the past 10 days but would like to avoid any large movement from around current broad levels, senior US Government officials indicated yesterday. The US desire for continued international co-operation to maintain the stability of the dollar was underlined in identical and co-ordinated statements by Mr Nicholas Brady, US Treasury Secretary, and Mr David Mulford, under-secretary for international affairs. This was significant, not least because Mr Brady rarely speaks about the dollar. The US wants to avoid a repetition of the sharp rise in the dollar, seen in late May and June because of the potential adverse impact on the international adjustment process and any further reduction in the US current account deficit. Mr Brady and Mr Mulford noted that the dollar was 'at approximately the same level prevailing at the time of the Group of Seven (Industrial Nations) ministerial meeting in April, and our joint statement at that time called for a policy, namely a rise of the dollar which undermined adjustment efforts, or an excessive decline, would be counterproductive. We will continue as necessary to co-operate closely with our exchange markets with our G7 counterparts.' Mr Mulford said the dollar was 'more or less back at the levels' seen three months ago and the redefinition of the G7 statement favouring stability did not relate to a particular figure then or now. The dollar is still higher against the yen but lower against the D-Mark than in early April. In London yesterday, the dollar traded quietly ahead of the release today of the US employment figures. It closed at \$1.62 against sterling. The sharp rise in the dollar had raised questions about the effectiveness of the international co-ordination process and the recent decline will reduce the temperature on that issue at the annual seven-nation economic summit in Paris starting in a week. Nevertheless, the US is determined to press for further adjustment of external imbalances which should be treated at the summit as a co-ordinated effort with inflation. Mr Mulford said recent data in the US suggested that inflation was 'well-contained. It is not a matter of undue concern.' Mr Brady said he thought the US economy was heading towards 'a soft landing.' Speaking at a briefing ahead of the Paris summit, Mr Brady indicated that President George Bush might announce the use of recent American legislation to forgive certain official debts owed to the US by sub-Saharan African countries with World Bank and International Monetary Fund approved programmes. Continued on Page 23

EUREKA advertisement for Cambridge Science Park. Includes text: 'EUro REsearch & business park in Kent at Ashford', 'HERE NOW!', 'COMING SHORTLY!', and 'CAMBRIDGE SCIENCE PARK Bidwells, Trumpington Road, Cambridge Tel: 0223 841841'.

MARKETS

Table with market data including Singapore Straits Times Index, Sterling, Dollar, Interest Rates, and Stock Indices.

CONTENTS

Table listing various articles and their page numbers, such as 'Africa challenges the IMF' on page 2, 'James Kadar: Long-serving leader who outstayed his welcome' on page 2, etc.

EUROPEAN NEWS

Poland and IMF agree draft plan for economy

By Christopher Bobinski in Warsaw

THE POLISH Government has agreed the outlines of a sharply deflationary three-year plan for the economy with the International Monetary Fund. The plan will form the basis for discussion on an agreement to reschedule Poland's massive foreign debt, amounting to \$39bn.

- a cut in the budget deficit
• the tightening of monetary controls
• freezing prices
• the closure of loss making companies
• the balancing of external accounts by 1992
• the sale of shares in state industry - though with the public sector retaining overall control of large enterprises
• the establishment of a stock exchange
• the outright sale of smaller state-owned enterprises to private owners.

The country remains in the grip of a political crisis, as General Wojciech Jaruzelski continues to hesitate over whether or not to stand for the post of President. A new government is yet to be formed, and the newly-elected Parliament will be loathe to agree to measures which would lower living standards.

Big budget overrun in store for Greece

By John Wyles in Athens

THE NEW Greek Government's initial scrutiny of public finances points to a 1989 budget deficit which looks likely to exceed official targets by as much as 35 per cent.

Exasperated De Mita throws in the towel

ITALY'S Premier-designate, Mr Ciriaco De Mita, gave up efforts yesterday to form Italy's 49th postwar government, following three weeks of talks with members of the former governing five-party coalition, AP reports from Rome.

Mr De Mita, a Christian Democrat whose 12-month-old government collapsed on May 19, said he had informed President Francesco Cossiga that he was unable to resurrect the coalition.

Bonn puts pressure on allies for early decision on trial flights Lufthansa urges East German service

By David Marsh in Bonn

THE WEST GERMAN Government is pressing the US, Britain and France to allow Lufthansa, the national carrier, to launch commercial flights between East and West Germany on a trial basis possibly as early as next month.

Some allied officials this week were annoyed that the Foreign Ministry pointedly did not consult the allies before making the Soviet protest - but simply informed them of it afterwards.

Lufthansa and its parent, the East German airline, already stage Leipzig-Frankfurt flights at the times of the two-yearly fair in the East German city.

enlarge this service during the July to October period, above all to carry tourists to and from East Germany.

Pact aims to paper over cracks

By Leslie Collis in Berlin

THE TWO-DAY annual meeting of the Warsaw Pact's Political Consultative Committee, which opens in Bucharest today, brings together the leaders of the seven-nation Communist alliance, which is displaying signs of growing internal division.

The talks in Bucharest, however, are expected to try to mask differences over political and economic reforms and concentrate on unifying issues such as disarmament.

Mr Kadar later claimed he opposed. The conservative reaction against them, however, was contained and the mechanism resumed its momentum in the late 1970s.

E European alarm grows over events in Poland

By Leslie Collis in Berlin and John Lloyd in London

EAST EUROPEAN governments - hardline and socialist - are reacting with alarm to the growing crisis in Warsaw over the Polish Communist party's inability to agree on a candidate for President. However, the Soviet Union is treating the matter with studied calm.

But East Germany was completely taken by surprise when the general last week suddenly withdrew his candidacy for the enhanced post of president because he was not assured of a majority of votes in the party.

Just before the general's announcement, Mr Joachim Herrmann, a key member of the East Berlin politburo, told the central committee that the "friendly relationship" between Mr Honecker and Gen Jaruzelski was the pledge of continued close ties between the two countries in the future.

The only item from Poland in the East German party newspaper, Neues Deutschland, on Monday spoke openly of a meeting of the Polish Defence Ministry's Military Council at which the tasks of the armed forces in the present situation were discussed.

Whether he urged the Russians not to kill Mr Nagy and 400 other associates is still unclear. Moscow remains reluctant to release all the documents connected with the Soviet role in 1956. But one senior Hungarian official remarked recently that the Russians would have executed them anyway.

Senior Soviet officials have, by contrast, appeared serene in face of the events which Mr Mikhail Gorbachev is said to have approved.

Speaking in Paris on Monday, Mr Vadim Zagladin, a central committee member and foreign policy adviser, said it was a matter of the East. On Tuesday, Mr Eduard Shevardnadze, the Soviet Foreign Minister, told the Guardian newspaper: "If Solidarity forms a government in Poland, the Soviet Union is ready to accept such a development."

The reaction from East Germany forms part of a discernible pattern of comment from the hardline states - Albania, Czechoslovakia, East Germany and Romania - to international events in recent weeks.

All have published similar responses to the Peking massacre (approval) and the refusal of, and homage to, the executed former Hungarian Prime Minister, Mr Imre Nagy (disapproval).

A long-serving leader who outstayed his welcome

OBITUARY - JANOS KADAR

By Leslie Collis and John Lloyd

MR JANOS KADAR, who died yesterday at the age of 77, underwent several remarkable transformations in the eyes of his countrymen during his 31-year rule as head of the Hungarian Socialist Workers' (Communist) Party.

It was said at that time that Mr Kadar was the only East European leader who might have won a genuinely free election though he never chose to test his popularity.

He was the butt of Budapest's cabarets. When asked which political leader would come after him, one comedian impersonating Mr Kadar replied: "Comrade DeLange".

He might have gained respect had he stepped down voluntarily. But he hung on too long, receiving significant marks of Soviet courtesy once Mr Mikhail Gorbachev began inaugurating a more radical reform in Moscow.

Perhaps the coolest moment came during a recent visit to Moscow of "internal" Communist leaders. Mr Kadar had the word of a genuine "conscience" and a mere 15 minutes conversation with Mr Gorbachev the next day, described by the Soviets as "frank".

Mr Kadar's removal from the post of general secretary, and the closely following party conference deprived his old guard supporters of politburo positions.

Companies take upbeat view of world economy

By Tim Dickson in Brussels

A HIGHLY upbeat view of global economic prospects is expressed in a survey of leading multinational company managers published yesterday by the European Commission.

The survey, conducted in April and based on answers from almost 500 respondents in about 50 countries, suggests that imports and exports are set to expand in the next few months, that the investment climate throughout the world is still seen as favourable and will improve further over the next six to 12 months.

Companies snub pollution body

By William Dullforce in Geneva

EUROPEAN COMPANIES with expertise in controlling pollution and managing hazardous waste are less keen than their US counterparts on joining together to improve the environmental performance of private industry.

Independently run division of the International Chamber of Commerce. It was established three years ago to make available the latest industrial know-how on managing environmental matters to small and medium-sized companies and to Third World enterprises.

Nazi fined for 'Kreisky' allegation

FORMER Chancellor Bruno Kreisky was fined Sch 21,000 (€875) yesterday for calling the late Austrian Chancellor Franz Josef Halder a Nazi, Reuter reports from Vienna.

A regional court in Vienna imposed the fine against Mr Kreisky, 73, whose remarks concerning Freedom Party chief Mr Jörg Halder were published in an Austrian weekly magazine.

Swedes grow more confused about relations with the EC

By Robert Taylor in Stockholm

THE SWEDES are growing less, rather than more, positive in their attitude to the European Community despite an intensification in the national debate about relations with the EC.

16 per cent actually thought Swedes would be better off, compared with 19 per cent a year ago. Surprisingly the issue of Sweden's political neutrality - often raised by the Government as a serious obstacle to any suggestion about EC membership - does not appear to worry most Swedes.

CORRECTION

Marceau Investments

On page 11 of the annual survey on France, which appeared in the Financial Times on June 23 it was incorrectly stated that Marceau Investments, the investment group of Mr Georges Febereau, has 10 per cent of Boucheron, the jewellers. Mr Alain Boucheron informs us that Marceau has no share in Boucheron's capital, but that Boucheron and Marceau Investments last year formed a joint subsidiary for the development of sales outlets and clock-making.

Published by the Financial Times (Europe) Ltd, Park Square, London, W1P 3AA. Printed by The Times (UK) Ltd, 1, Abchurch Lane, London, EC4N 3DF. Telephone (01) 346 411. Fax (01) 346 3333.

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AMERICAN NEWS

Brazil blames payment error on 'poor planning'

By John Barham in São Paulo

BRAZILIAN Finance Ministry officials admitted yesterday that poor planning had led to serious mistakes in implementing the decision this week to delay payments to foreign creditors and investors.

Brazil had declared on Monday that it would ration payments to foreign creditors and investors, so as to safeguard its official reserves.

The Central Bank failed to make \$612m in interest payments to government creditors of the Paris Club. The payments were due on Monday; the ministry now says they will be made next week.

A senior official described as "the lack that such a large payment was due at the beginning of this process. It was a mistake to delay payment; it is not our intention to suspend any payment to the Paris Club."

As a rule, debtors place a higher priority on honouring loans to official lenders than to private banks.

The Central Bank said yesterday that reserves at the end of the first quarter stood at \$7.4bn, but the Finance Ministry says reserves have since fallen by about \$1.5bn.

The ministry warned that "speculative transfers" of funds abroad by companies would no longer be tolerated. A government official said: "The Central Bank is implementing

a system to organise payments now." A list of priorities is being compiled but will not be made public.

Another ministry official admitted that the new debt policy still lacks detailed planning. The official added: "We held a number of meetings with other agencies over the last two to three weeks to discuss this. However, precise decisions could not be taken because everything was leaking out."

Officials have spent all this week in meetings to plan the next stage in the country's debt policy.

Officials said discussions with the International Monetary Fund still hold out hope for the release of at least part of the \$2.5bn to \$3bn in loans pledged by private and multilateral agencies.

Meanwhile, the Brazilian government is still discussing new proposals to be made to private creditors. Mr Sergio Amarel, the ministry's international affairs director, said: "We have not decided on anything yet. We are holding meetings and discussing ideas and waiting for the situation to clarify."

EC ties aid to Central American democracy

By William Dullforce in Geneva

THE EUROPEAN Community has told five Central American governments that EC financial backing for the region's \$4.4bn Plan of Economic Co-operation (PEC) depends on progress there towards "political pluralism and democracy".

One Central American minister interpreted this to mean that there will be no firm EC commitment before a free election in Nicaragua. An election is due there in February.

The EC reservation was voiced during a three-day meeting here, at which ministers from Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua sounded out industrialised countries and international agencies on funding for the PEC.

The Europeans were not completely negative. Spain said it was prepared to increase its aid to the region by three to five times in the next four years. Italy had earlier committed \$115m to help displaced persons.

Moreover, the Europeans and other potential donors agreed to meet the ministers again in Honduras, in August, to study in greater detail some of the PEC projects.

Managua's disco mix fails to keep wolf from door

Tim Coone reports on inequities in the volatile Nicaraguan economy

LOBO Jack is the latest bizarre and opulent creation of Nicaragua's mixed economy. Inaugurated last month, this state-owned discotheque is reputed to be one of the best in Central America. It is a result of considerable investment of scarce resources by the Tourism Ministry, the objective being to mop up some of the ever-increasing cash among Nicaragua's better-heeled young.

The entry fee is about a fortnight's pay of an average working man or woman. The government's new market-based approach to prices, in an effort to rescue the war-ravaged economy, has slashed real wages in the past year and caused an ever-growing concentration of declining wealth in the hands of producers and entrepreneurs. Tickets to the opening night of Lobo (meaning wolf) Jack were sold out.

Just a beer-bottle throw across the road from the laser light-shows are the run-down offices and printworks of Barricada, the ruling Sandinista Front's newspaper and mouthpiece of the revolution. The

contrast is as striking as it is confusing to anyone trying to interpret the enigmatic working of Nicaragua's economy.

"We don't want more money to go to concerts or discotheques - we just want enough to eat," complained a teacher in a public meeting with President Daniel Ortega last month, as a wildcat strike by teachers threatened to spread throughout the country and shatter the government's grip on the union movement.

Several weeks ago, riot police tear-gassed protesting taxi drivers, the latter having rejected a deal with the government by their union leaders to ease the effects of a doubling of the petrol price.

Supermarket prices have also doubled, after a 32.5 per cent devaluation of the currency. Since then, the government has announced a 50 per cent pay rise, but a Nicaraguan shopper knows this translates into a 25 per cent loss in purchasing power in the space of a few days. This comes on top of a loss of more than 50 per cent in the purchasing power of wages in the past year.

Government efforts to control inflation through wage stringency and spending cuts had met success in recent months, average consumer prices having risen by only 15 per cent during May, compared to more than 100 per cent last December.

However, the refinancing of agricultural loans, the urgent need for credit by farmers to begin the new crop-sowing and a lack of the wherewithal to finance them resulted in a sudden increase in the money supply towards the end of May as the Central Bank pumped credit into the finance system.

To have failed to do so would have precipitated a political crisis with the private sector and a potential collapse of production of staple grains and export crops.

The cash injection, however, also helped fuel the black market for foreign exchange, through which many producers have to buy machine spares. In efforts to keep pace with the black marketeers, large adjustments in the second-tier parallel market were then made by the Central

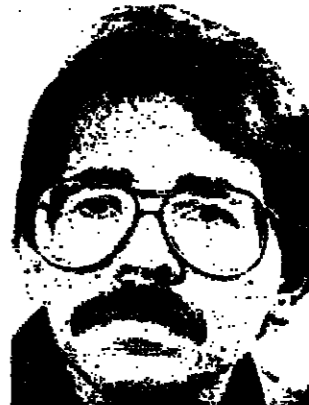
Bank, followed by a precipitous devaluation of the official rate last month. This automatically doubled fuel prices and raw material costs, which in turn caused a surge in transport and food costs - two of the most sensitive items in the consumer price index.

The relative price stability of recent months thus appears to have been short-lived.

Hyperinflation hovers once again, while the government's favoured control mechanism of wage restraint is being progressively weakened due to rank-and-file militancy in the workplace, this in turn being encouraged by the opposition parties as they build up steam to campaign for the presidential and parliamentary election in February.

Medium-term hopes to stabilise government finances have been dashed by the very limited success of Mr Ortega's tour of 10 western European countries in May. Only \$50m of the \$550m sought was pledged, and even that has still to be disbursed. Dr Alejandro Martinez Cuenca, Planning and Budget Secretary, has tacitly admitted that the shortfall of \$500m is a principal factor behind the latest money supply surge, and that to put the government's economic stabilisation plan back on track will require substantial external finance.

Most political analysts see



Ortega: Pressed by the hungry

no new commitments of bilateral foreign aid and credit until after the election, which perception points to growing instability in the economy in the remainder of 1989.

"It is difficult to imagine what the Sandinistas might pull out of the hat now to prevent a further decline in the economy and their political support during the remainder of the year," said Mr Carlos Cuadra, a left-wing opposition National Assembly member. However, he added: "Most probably they will start building up reserves now, by being even more austere in the next few months so as to have a consumer boom before the election. I suspect we'll be eating turkey by Christmas."

UN leader criticises 'inadequate' Brady plan

By William Dullforce

THE BRADY plan for dealing with the international debt crisis is inadequate and too slow, Mr Antoine Blanca, UN Director-General for Development and Economic Co-operation, said in Geneva yesterday.

UN studies showed that a debt reduction of 40 to 50 per cent would be needed to ensure the renewal of sustained economic growth among the heavily indebted countries and remedies had to be found within six months.

Mr Blanca warned that the debt problem was an enormous, delayed-action bomb, and that more and more people were regarding it as an issue involving world security.

Anger was rising in the indebted countries. Argentines could not understand that, however much they increased their efforts to pay their debt, these were never enough.

The director-general - second in the UN hierarchy to Mr Javier Pérez de Cuéllar, the Secretary-General - praised the plan, which is named after Mr James Brady, US Treasury Secretary, for moving in the right direction. However, he criticised it for sticking to the case-by-case approach to debt restructuring. It was not sufficient to try remedies in one country and then see if they could fit others, he said.

The fights by industrialised countries against inflation were well-founded but the two mechanisms used - high interest rates and low raw material prices - were profoundly negative for nations in the poorer South.

At the Paris summit next week, the leaders of the seven main industrialised countries should lay the ground for a better policy towards the developing world, Mr Blanca said.

Benter reports from New York: The chairman of most banks on Mexico's 15-member advisory committee of commercial bank creditors met on Wednesday and discussed increasing an offer of debt reduction to 35 per cent from 30 per cent, but did not make a proposal.

Bankers said the committee was split, with some European banks, in particular the French, opposing a 35 per cent debt reduction offer for Mexico, whose debt settlement is expected to provide a test case for the Brady initiative.

Some suggested the chairman's meeting was convened after Mexico had offered fresh signs of compromise. "We understand Mexico may have dropped to 40 per cent, and indicated it could move towards 35 per cent," one said, referring to Mexico's request for debt reduction.

Caricom team to visit Haiti

FOREIGN ministers from four Caribbean Community (Caricom) countries are to visit Haiti, following indications "that a process of reform" has been promised by its military government, Canute James reports from Grenada.

The community is planning to assist the Haitian government in organising and supervising promised elections.

During their annual meeting here, leaders of the Caricom countries said they were pleased with commitments by the Haitian government to allow installation of an elected government.

US-UK deal on customs data

US CUSTOMS Commissioner William von Raab signed an agreement with Britain yesterday to simplify procedures for exchanging information on drug trafficking, commercial fraud and other customs matters, AP reports from Washington.

A customs spokesman said the Mutual Assistance Agreement, "for the first time, provides a legal basis for inter-governmental co-operation" that has been going on informally for years. He said similar agreements were being negotiated between the US and other trade partners.

LA stockbroker sentenced on Boesky evidence

By Roderick Oram in New York

MR BOYD Jefferies, a former Los Angeles stockbroker, was sentenced yesterday to five years probation and fined \$250,000 for securities law violations involving Mr Ivan Boesky, the disgraced Wall Street speculator.

Mr Jefferies had pleaded guilty in April 1987 to two charges of violating record-keeping and margin requirements, but his sentencing was delayed while he co-operated with the authorities.

Having pleaded guilty, he left the securities firm he had founded and moved to Aspen, high society's skiing centre in Colorado. There he established a golf camp for under-privileged children.

He is banned for life from the securities industry. Jefferies Group is still an active market-maker and big block trader, particularly after US east coast markets close. Just as information Mr Boesky supplied to the govern-

ment led to Mr Jefferies's conviction, so in turn his testimony led to the conviction last month of Mr Paul Blizard, a Florida corporate raider, on nine charges of breaking takeover laws.

In sentencing Mr Jefferies in New York, Judge Morris Lesh said it was important to send a message to the financial community about the penalties of criminal activities. But Mr Jefferies's crimes had been less serious than those of others, such as Mr Boesky, and he had not traded on inside information.

Mr Jefferies had faced a maximum of 10 years jail and a fine of \$500,000.

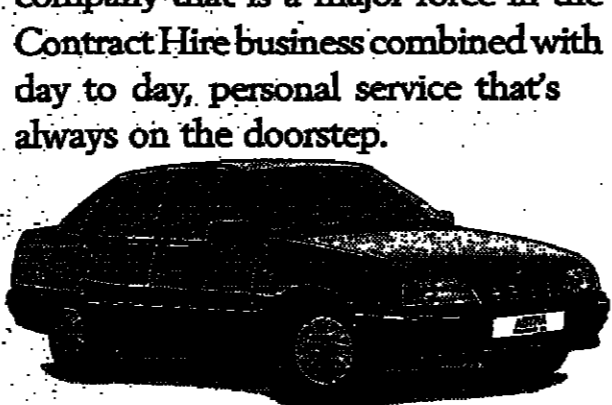
The subject of Wall Street crime resurfaced in Washington yesterday with Congressman John Dingell saying his House committee had subpoenaed Mr Boesky to appear at hearings later this year. Mr Boesky is serving a three-year jail term.

NATIONAL CONTRACT



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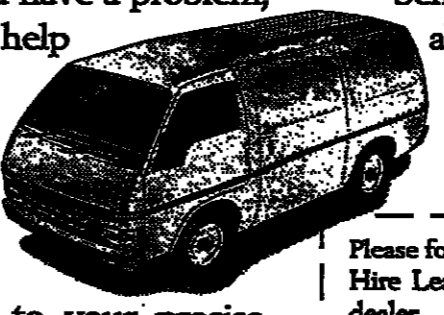
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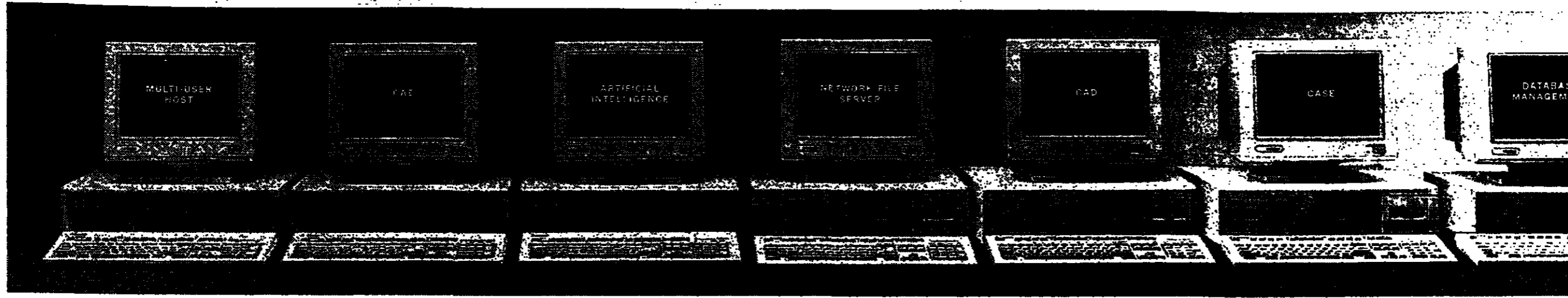
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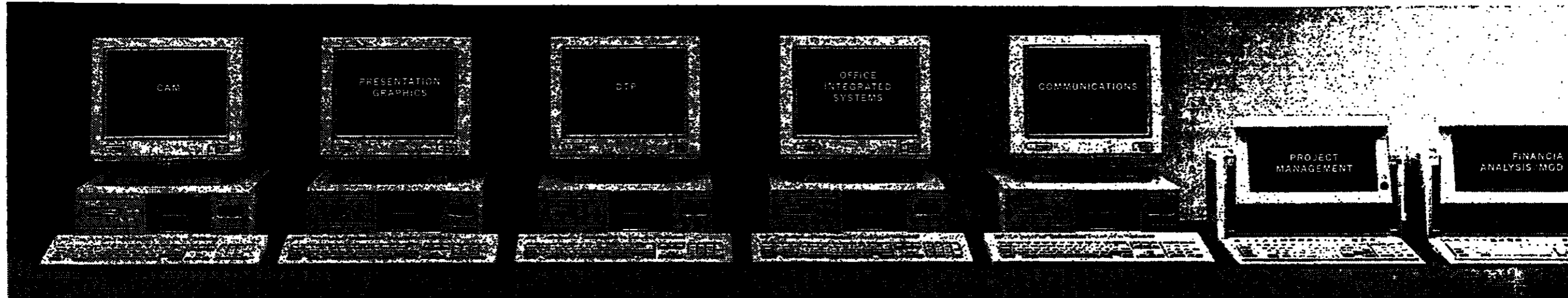
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WORLD TRADE NEWS

Gatt talks on tariffs regime falter

By William Duffice in Geneva
AN ATTEMPT to simplify the world trading system by combining under a single ad valorem tariff the multiplicity of import charges levied by governments at their borders has run into the sand during the Uruguay Round of multilateral trade talks.

Trade. This would make it easier for both exporters and officials negotiating tariff reductions to assess the total impact of the charges levied on imports by any one country.

pointed an anomaly in the Gatt system under which countries negotiate reductions in tariffs and "bind" them at the new levels. Binding commits governments not to raise the tariffs again.

charge on imports than the straight tariffs.
Even so, the introduction of a single rate would involve converting that rate into ad valorem duties, harmonising charges of varying life periods providing revenues for several different authorities, and tracing back charges in time, in order to correct existing tariffs.

Fresh twist in battle for Thai rail deal

By Roger Matthews in Bangkok
THE LONG-RUNNING battle for the contract to build and operate Bangkok's \$1.6bn SRT-Train Project has taken another twist with a decision by the Thai authorities to reopen negotiations with the Asian Euro consortium which had been placed second in the original bidding.

Norway seeks to boost arms sales and remain virtuous

Anthony McDermott attempts to unravel disputed new regulations on the country's weapon exports

THE Norwegian government has issued controversial new guidelines for arms sales in an attempt to increase exports through involvement of their companies in foreign joint ventures.



McDermott pushing hard to boost arms exports

The new more liberal regulations, issued by the Foreign Ministry, which monitors defence sales, would make it much easier for Norwegian companies to enter into military joint ventures.

But the new rules are proving controversial because some fear that the lure of large defence contracts and the loss of control to a majority share foreign partner could mean that Norwegian defence equipment may end up in the hands of countries excluded under existing legislation.

small Nato country, Norway has some notable areas of sophistication.

Norway is capable of producing material ranging from, as Mr John Joergen Holst, the Defence Minister, puts it, "uniforms and sleeping bags to advanced electronics equipment as well as missiles and ammunition."

only the Penguin Mark 3 is in operation with Norway's F-16s. But General Dynamics is interested in selling the F-16 with the Penguin as a single package.

South Korea, at odds with its northern neighbour and in the heart of potential regional conflict, is believed to be interested in acquiring the F-16/Penguin package.

The problem with the new regulations is that, while the Foreign Ministry may scrutinise the terms of such a contract, Norway has to make a choice between vetting money-spinners or running the risk of a country or company with the majority holding in a joint venture selling Norwegian products to a country not fulfilling Norwegian qualifications.

It may no longer be possible to guarantee that the end-user still conforms to the terms of the original 1989 legislation. This conflict has already been taken up by Mr Theo Korzhinsky, a member of the small radical Socialist Left Party (SV) member of parliament, who intends to raise this issue when the Storting reassembles in September.

\$1.7bn Turkish power station talks bogged down

By Jim Bodgner in Ankara
DIFFICULTIES in resolving final agreements have bogged down the 1,400MW thermal power station project together with an associated port costing about \$1.7bn (\$1.04bn) planned on a build-operate-transfer (BOT) basis at Yumurtalik in south-eastern Turkey.

far the Turkish authorities have not felt secure enough to approve syndication.

Swiss export risk body records SFr254m deficit

By John Wickes in Zurich
THE SWISS Export Risk Guarantee (ERG) programme recorded a deficit of SFr254m (\$97m) last year, almost exactly the same as the short-fall of SFr252m for 1987.

For 1988, the government advance was increased from SFr235m to SFr440m, so that the programme now owes the consideration SFr1.6bn.

Egypt struck from Arab blacklist

ARAB officials organising an economic boycott of Israel said they removed Egypt and 21 companies from their blacklist yesterday, Benter reports from Damascus.

were settled. These included the US Chrysler Corp, US General Electric and the British GKN international contracting company.

Morocco signs six dam contracts

MOROCCO has signed contracts with six foreign enterprises to start building one of the biggest dams in Africa, Benter reports from Rabat.

works companies called Jeddah. The Soviet Union's Technopromexport will supply and install turbines, generators and flow control gates worth \$180m to be paid for with exports of Moroccan citrus fruits and other farm products.

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UK NEWS

First results of three-year study into sales and service Ford unveils dealership as part of 'retail revolution'

By John Griffiths

A £2m prototype car dealership embodying elements of UK market leader Ford's blueprint for a "retail revolution" in the 1990s was opened in Manchester yesterday by Quicks, the locally-based cars and trucks distributor group.

Ford also disclosed plans to open the first of a national network of "fast-fit" centres to challenge independent specialist chains like Mr Tom Farmer's Kwik-Fit Euro, which specialises in after sale car service.

The fast-fit venture will be opened at nearby Ashton-under-Lyne in September and will form part of the same "retail revolution" strategy.

The two projects will be the first visible results of Ford's three year study into developing what it sees as a radical plan to overhaul its retail motor trade business.

The plan aims to achieve much higher standards of customer care than Ford concedes, have traditionally been associated with the franchised motor trade.

It also aims at recapturing some of the valuable business in supplying parts and service to older cars, virtually all of which has been lost by the franchised trade to the independent chains and garage sectors.

According to Mr Roger Hamm, managing director of Ford UK, the market in servicing cars more than three years old is worth £3bn a year in the UK.

Ford executives yesterday refused to disclose the name

under which the fast-fit network will trade.

The Ashton centre, like the car dealership unveiled in Old Trafford, will be owned and operated by Quicks, which is financing both projects itself.

Ford sees its financial role as funding the development of the strategy itself. This has included, for example, calling in design consultants Fitch and Co to draw up a new style of dealer premises. Dealers and dealer groups will then finance their own projects within the overall strategy.

Ford expects the strategy will be undertaken at first by 60-70 of Ford's 380 main UK dealers. Between them they are expected to invest more than £100m.

Details of the first Ford "fast fit" venture emerged almost simultaneously with an announcement by Opel and Vauxhall, General Motors' European car subsidiaries, that they are also launching a programme to recapture lost servicing business through a chain of "Masterfit" fast-fit service centres to be introduced across Europe over the next two to three years.

The GM programme, however, is less ambitious than Ford's in that the Masterfit centres will initially cater for only Opel and Vauxhall cars. Ford, by contrast, intends its network to service any make.

Both companies acknowledge that their moves to recapture lost service business are related. Opel and Vauxhall say they have lost 50 per cent of all their servicing business to

independents in Europe, and GM admits to having lost 80 per cent in the US.

Mr Alf Boyle, the Quicks regional managing director in charge of the Old Trafford and Ashton ventures, nevertheless believes that a substantial share of the business involved in the servicing of three-to-seven-year-old cars can be recaptured.

With the new-style dealerships, Ford and Quicks, as the prototype operator, hope to eradicate the negative sides of buying a car and having it serviced which are most frequently mentioned by consumers.

Customers entering the Old Trafford showroom are met inside the main entrance by a woman, described by general manager Mr Ken Jee as a "greeter", who finds out what they need and finds them staff to help.

"There is also an 'Escape' door directly from this area so that anyone who wants can simply leave the showroom without any feeling of awkwardness or embarrassment", said Mr Jee.

The area is also equipped with a crèche and toilet facilities.

A fleet of 14 courtesy cars is kept for customers having their own vehicles serviced.

The dealership also has a separate handover staff to enable customers to take delivery of their vehicles and check that buyers are happy with their cars, both a day and six weeks after taking delivery.

Merit-based pay scheme for Glaxo scientists

By Peter Marsh

GLAXO, Britain's biggest pharmaceutical company, has introduced a new pay scheme for all its 2,800 UK-based research workers which is based entirely on linking remuneration to job performance.

The scheme, implemented in the past few weeks after months of talks, breaks new ground by attempting to evaluate scientists' work according to rigid job assessment criteria and linking this to pay.

Glaxo is among Britain's biggest private sector employers of scientists. The work of such people is generally agreed to present job assessment difficulties with particular difficulties on the grounds that much of it is based on intuition and creativity and other factors which are not easy to quantify.

The 2,800 people covered by the scheme are UK employees of Glaxo Group Research, a Glaxo subsidiary which is responsible for research and development operations around the world.

Most of its employees are scientists although the scheme also includes secretaries and ancillary workers.

The performance criteria for the employees have been based on discussions with individual workers, each of whom has a "role specification" for his or her job against which performance is measured.

The criteria for evaluating performance have been worked out over the past year and based on advice from consultants. The performance grading has assessed employees according to factors such as innovative skills, ability to supervise others and interest in team working.

Pay increases based on the scheme have been awarded and have ranged from zero to about 25 per cent of individual salaries.

Most of the scientists covered work at Glaxo's main UK research centres at Greenford, West London, and Ware in Hertfordshire and earn between £12,000 and £25,000.

Glaxo is the world's second biggest drugs company with sales last year of £2bn.

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Bomb blasts London bookshop

By Joel Kibazo

A LONDON bookshop was badly damaged yesterday in an explosion thought to be connected to British author Salman Rushdie's controversial novel the Satanic Verses.

Police said a single "improvised device" placed outside Collet Bookshapers in Charing Cross Road had exploded at about 3 am. No warning was

given and no one had claimed responsibility for the explosion.

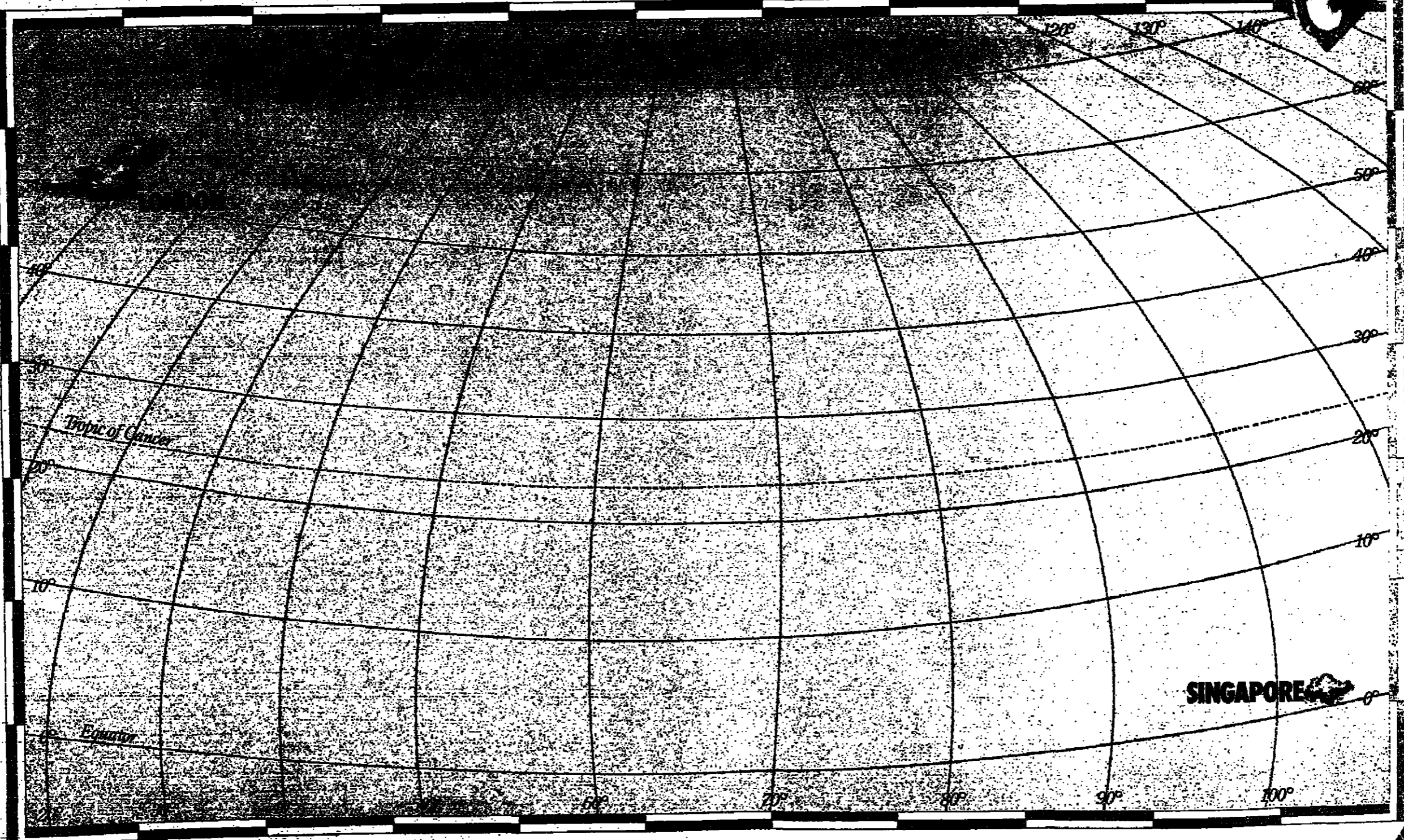
No one was injured, but police said the fire started by the blast caused "extensive damage".

Another of Collet's three stores, 100 yards from yesterday's blast, remains closed after it was also fire bombed in April.

A group called The Islamic Revolutionary Front claimed responsibility for that explosion four days later.

Both stores had stopped selling the Satanic Verses after staff voted that it should not be stocked, following worldwide Islamic protests that the book was blasphemous.

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This affidavit will have to accompany the bonds deposited for redemption.

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- BANQUE INTERNATIONALE A LUXEMBOURG - LUXEMBOURG
- FRENCH AMERICAN BANKING CORPORATION - NEW YORK
- SOCIETE GENERALE - PARIS

However, the bondholders who benefit by this redemption must deposit the securities they hold prior to July 17th, 1989 at the office of the fiscal agent i.e. BANQUE NATIONALE DE PARIS, Centre d'Operations sur Coupons et Titres, 8 rue de Solferino PARIS or at the above mentioned offices of the paying agents.

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Listing of 14 234 S ordinary shares of R2 each, withdrawal of listing of 344 554 12 per cent unsecured debentures 1986 - 1993 and 14 234 share options

The Johannesburg Stock Exchange has granted a listing for 14 234 S ordinary shares of R2 each in the capital of the company with effect from July 7 1989, which shares were also listed on The Stock Exchange in London with effect from that date.

These S ordinary shares, ranking pari passu in all respects with the ordinary shares of R2 each except that they carry an additional preferential right to a payment of one cent per share in the event of the company being wound up, arise from the exercise of options to subscribe for S ordinary shares at R60 per share. S ordinary share certificates and option and debenture balance certificates (where applicable) are being posted to shareholders today.


Details of the company's capital are:

Authorised	R
27 194 115 ordinary shares of R2 each	54 388 230
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	56 000 000
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	54 807 314

In addition, The Johannesburg Stock Exchange and The Stock Exchange in London have withdrawn the listings in respect of 14 234 options exercised, and 344 554 of the 12 per cent unsecured debentures 1986 - 1993 which were tendered in payment for S ordinary shares in exercise of the options. The remaining 15 124 300 12 per cent unsecured debentures 1986 - 1993 and 231 700 options in issue will continue to be listed on both stock exchanges.

Application will be made to the Paris Bourse for a listing of the 14 234 S ordinary shares.

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UK NEWS

Sky TV says BSB seeking monopoly

By Raymond Snoddy

MR RUFERT Murdoch's Sky Television yesterday accused its rival British Satellite Broadcasting of trying to put it out of business because Sky was winning the satellite television battle.

Mr Andrew Neil, executive chairman of Sky, yesterday attacked a BSB memorandum on ownership, which has been sent to British Government ministers.

The memorandum argued that it was irrational for the Government to exclude Astra satellite services such as Sky from rules designed to limit concentration of media ownership.

In addition to owning Sky Television, which broadcasts four channels, Mr Murdoch's News International owns five national newspapers. Mr Neil said: "BSB has failed to launch its services on schedule or to set a convincing date when it will launch. Its technology is in trouble and its finances are floundering."

"So BSB, in desperation, is trying to change the law to put Sky out of business. Clearly it has concluded that the only chance it now has of success is if it can secure a monopoly of satellite TV in Britain."

If the Government were to implement the cross-media proposals of BSB, the shareholders of which include Pearson, publishers of the Financial Times, Mr Murdoch could either have to sell his national newspapers or take his stake in Sky down to 20 per cent.

Mr Neil argued yesterday that Sky used only four channels on an Astra system that would grow to 33 channels by next year and possibly 48 after that.

The Sky chairman conceded that there was a rationale for limiting the involvement of newspaper publishers in television when there were four or fewer television stations in operation.

"Satellite TV opens up the possibility of hundreds of new channels becoming available for television distribution. Artificial restrictions on entry to this market can only lead to a reduction of diversity," Mr Neil said.

Young stands firm behind proposals for brewers

By Christopher Parkes, Consumer Industries Editor

LORD YOUNG, the trade and industry secretary, stood firm last night behind his proposal that Britain's six top brewers should lease most of their pubs to tenants who would then be free to sell any brands of beer and spirits they chose.

At a meeting in London, the minister rejected claims that his "arm-length" plan was unworkable, and asked senior executives from the national brewers to explain their objections.

Lord Young, who is believed to have discussed his stance with Mrs Margaret Thatcher, the Prime Minister, on Monday, has resisted concerted pressure from the beer industry and Conservative MPs to drop the proposal.

Industry dismissed the idea as "unnecessary, bizarre, unjust and unworkable" when it was put forward last month. This week senior Tories wrote to Mrs Thatcher saying the scheme was "the most appeal-

ing and unwarranted interference in the market place."

It would open the door for overseas brewers to move into the UK market, force pub closures, and offend the Conservative principle of owning private property and operating a business from it, they said.

"We seriously fear the political repercussions," the letter said. It was signed by 14 MPs including 10 members of the so-called 1982 Committee of backbenchers.

Lord Young remains convinced, however, that his plan is a sound and practicable alternative to the Monopolies Commission's recommendation for breaking up the complex monopoly it found at work in the drinks industry.

The Commission suggested in March, after a 2½-year inquiry, that no brewer should be allowed to own more than 2,000 pubs. This implied that Bass, Allied-Lyons, Courage, Whitbread, Grand Metropolitan

and Scottish and Newcastle would have to sell almost 23,000 outlets.

These six accounted for 75 per cent of UK beer production and 75 per cent of British pubs.

Other attempts at appeasing the brewing industry have included reassurances that many of the Monopolies Commission's recommendations applied only to the "Big Six."

Industry solidarity has been apparently unaffected, and most regional brewers share the national companies' outright opposition to most of the main suggestions.

However, the smaller brewers were not represented at last night's talks. The Brewers' Society, which speaks for the industry as a whole, was present only as an observer. Since then discussions concerned only the highest beer companies, and matters of commercial confidentiality were expected to come up, it was thought best to exclude them.

Full study ordered into 'brain drain'

By David Thomas, Education Correspondent

THE GOVERNMENT has asked the universities to carry out a full study of the extent of the academic "brain drain" in an attempt to resolve one of the most controversial disputes in education.

Ministers and their critics disagree fiercely about the size of the flight of academics from Britain and about whether it poses a serious problem for UK universities.

The Government claimed in February that the brain drain was a myth, based on figures showing a net inflow of 360 academic staff into British universities from jobs or study overseas over the past eight years.

This argument has been countered by claims from within the universities that the problem is not one of numbers, but of the quality of the academics leaving UK universities for those overseas, particularly in the US.

Mr Robert Jackson, Higher

Education Minister, has written to Sir Edward Parkes, chairman of the Committee of Vice-Chancellors and Principals, asking the committee to carry out a definitive study on the issue.

The committee is already committed to undertaking a study of recruitment and retention of dons in an attempt to back up its argument that academics need substantial pay rises.

"If there is a genuine problem, let's have some genuine statistics on it," Mr Jackson said.

Mr Kenneth Baker, Education Secretary, yesterday confirmed to Parliament that publicly-funded annual student tuition fees will increase from 587 this year to £1,575 in 1990-91, a move which the Government believes will encourage colleges to enrol more students.

London SE capitalisation rises 35%

THE capitalisation of London's stock exchange increased by 35 per cent to £1,547bn in the year ending March 30, according to a publication issued by the exchange yesterday.

This includes overseas companies with a capitalisation of £1,060bn. US companies are the largest component, with a capitalisation of £580bn.

Japanese companies are rising fast, the number with a listing during the year by 13 from nine and their capitalisation up to £245bn from £37bn.

The information lies in the exchange's Quality of Markets Companies Book which is being published for the first time giving details of 3,000 companies on the Official List, the Unlisted Securities Market (USM) and the Third Market. The exchange intends to publish the book annually.

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UK NEWS

Water authorities report modest profit rises

By Richard Evans and Andrew Hill

THE 10 water authorities in England and Wales yesterday showed modest increases in turnover and operating profits in their last set of accounts before their privatisation.

The significance of the 1988-89 results as a guide to the investment attractions of the authorities is heavily qualified by the forthcoming restructuring of the authorities' balance sheets.

The results for the year to March 31, 1989, showed operating profit up 3.6 per cent to £1.18bn but the figures were distorted by rate refunds added to the comparative 1987-88 figures following a Court of Appeal judgment.

All 10 water authority chairmen expressed confidence at a London press conference in the success of the flotation, which due in mid-November, in spite of high opposition to water privatisation in opinion polls.

Water industry analysts in the City of London played down the significance of the figures, saying historic results were less relevant than crucial figures which should be revealed nearer flotation.

Thatcher warns rail workers over jobs as dispute intensifies

By Philip Stephens and Fiona Thompson

BRITAIN'S rail dispute intensified yesterday with the Prime Minister warning that strike action threatened rail workers' jobs as the Aslef train drivers' union announced overwhelming backing for an overtime ban.

The drivers' action will take effect from midnight on Sunday, causing severe disruption, especially on the Southern region, in addition to that already being caused by the weekly 24-hour strikes by the National Union of Railworkers.

ments made earlier in the week by Mr Nigel Lawson, the Chancellor, suggesting that the Government might scale back its investment in the industry.

Car sales jump 8% to record

By Kevin Dore, Motor Industry Correspondent

NEW CAR sales jumped by 8.29 per cent in the first half of the year to a record 1,196,403 according to figures released yesterday by the Society of Motor Manufacturers and Traders.

New car demand is still to show any marked reaction to the big jump in interest rates, as car makers attempt to cushion the market through an array of low-cost finance packages, including zero rate finance on some models.

Green issues 'set to top summit agenda'

By Peter Norman, Economics Correspondent

THE UK Government expects environmental issues to top the agenda of next week's world economic summit in Paris. It will be anxious to promote the use of economic instruments such as charges and tax differentiation to reduce environmental damage.

aging motorists to use unleaded petrol. This "economic approach" to environmental issues is expected to run through the talks on the environment among the leaders of the US, Japan, West Germany, France, Italy, Britain and Canada.

ional climatic convention to tackle global warming. Although there is likely to be a good deal of mutual backslapping at the continuation of economic growth in the industrialised world, the meeting is expected to be rather low key as far as Britain is concerned.

UK officials say Britain wants support for the Uruguay Round of trade liberalisation talks and backing for the multilateral trading system in the face of bilateralism such as the recent US decision to name Japan, India and Brazil "unfair traders" under provisions of last year's US trade bill.

Mr George Simpson, Rover Group managing director, warned yesterday that the industry's profitability was being hit by the intense level of present marketing activities.

In Brief Harland offers job contracts, sheds 300

ABOUT 2,400 employees at Harland and Wolff, the Belfast shipbuilders, will be offered jobs in the company, which is to be privatised in a management buy-out by September, writes Our Belfast Correspondent.

The company closes for a three week annual summer holiday today and employees have until July 31 to decide on the offer. It was unclear how many would accept the new terms and conditions, which have been strongly attacked by trade union officials who have advised workers not to sign new contracts.

Dock strike vote The Transport and General Workers' Union is today expected to announce a national dockers' strike to begin on Monday even though a growing number of dock workers were said to be applying for redundancy under the Government's compensation programme.

BBC peace hope Renewed talks over the BBC pay row moved closer after the corporation was told that the Beta staff union was willing to discuss a new offer by Mr Michael Checkland, BBC director-general.

Green initiative Mr Tony Cleaver, chief executive of IBM UK, is to chair an initiative called Business in the Environment to encourage private sector interest in "green" issues and set up partnerships with environmental pressure groups.

Advert challenge Rulings made by the Advertising Standards Authority, the advertising watchdog, can be challenged through the judicial review procedure, under which the court can strike down a decision if it has not been arrived at in a fair and reasonable manner, the High Court decided.

Holiday price rise Package holidays could rise by an average £20 next year to cover the costs of an improved service from tour operators after implementation of a new Association of British Travel Agents code of conduct.

LSE director named Professor John Ashworth, vice-chancellor of Salford University, was named as the next director of the London School of Economics. Professor Ashworth, aged 50, has attracted attention to Salford since he became its vice-chancellor in 1981 by forging close links between the technological university and industry.

Land Rover to launch new vehicle

LAND ROVER is to launch its first all-new vehicle for 19 years in the autumn, to be named the Discovery, in the first step of a crucial product offensive by Rover Group, writes Kevin Dore.

It will be followed by the launch of Rover's 200/400 series, codenamed the B3, which has been developed jointly with Honda of Japan, and which will be powered by Rover's new K-Series 1.4 litre engine.

The company is also abandoning the Austin Rover name for its car operations in the autumn, to become simply Rover Cars.

Land Rover is enjoying a powerful resurgence in its fortunes led by booming sales of its Range Rover in the luxury segment of the world's four-wheel drive market.

Sales of the Range Rover in the US, where it was launched in March 1987, have surged this year with an increase of 52 per cent in the first six months to 2,400.



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THE PROPERTY MARKET

Shadow behind spree

By Paul Cheeswright

Consumer spending still rising, shopping centres opening up all over the country and plenty more to come: it does not look like a time of restraint. Yet changes have been taking place in the retail property market and there is a good deal of nervousness in the air.

Official statistics released this week show that, after a flat few months, consumer spending has started to rise again. In the three months to May, sales were 4 per cent higher than in the same period of 1988. The increase in May alone was the biggest monthly rise for more than two years.

The basic factor underpinning the strong rental growth

in the retail property market and the resumption of a heavy development programme is clearly still at work. Yet the figures of retailers show that the fiz has gone out of the spending spree. Certainly retailers are not chasing space for expansion with the same enthusiasm as 18 months ago.

Against the background of sagging confidence there are changes in the financial climate

with household goods or suits." He charged the estate agents with talking the market up but made clear that, from The Rack's experience, it is softening. "The time has gone for chasing sites. Eventually you get what you're looking for."

Landlords are not taking the highest rent as they might have done 18 months ago. Rather, they are prepared to accept less from new tenants if they can have a strong covenant.

The most obvious indication of the softening in the market, according to Mr Delvevo, is

the fall in premiums for taking over existing leases. "Six months ago people were talking in telephone numbers". Now the demands are much more modest. The fall was first noted in London but has spread outwards.

In some districts of London's West End where there are high concentrations of speciality shops, existing tenants have been paying others to take on their leases.

This state of affairs would affect The Rack only as far as its expansion is concerned. But because it is a young company, most of whose shops

departure from the market than that made by the institutions since last Christmas.

The reason for the departure is twofold, in Mr Marshall's view. First, 1988 saw very heavy investment or commitment from institutions like Friends Provident, Norwich Union, Postal and Standard Life and this year looks like a breathing space. Second, after a long upward swing in the

market, it looks as if a period of rather less exciting rental growth could be starting.

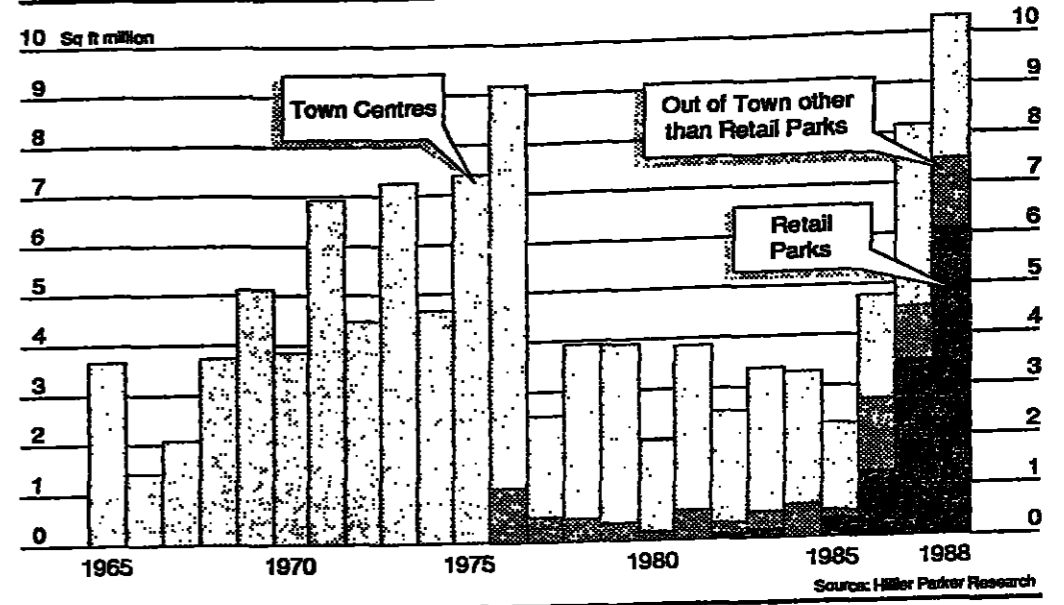
At any rate there are only about half a dozen funds left in the market and they are able to be very choosy about their investment. It is important in terms of ultimate purchase: the long term view of the life funds gives them an ability to absorb the low yields. Few others have such a facility.

For development finance the presence of the funds is less important. There are, after all, other ways of raising money. That said, a recent survey of banks by Debenham Tewson & Chinnocks found an ambivalent attitude towards retail property.

"Opinions for and against new lending were fairly evenly divided," Debenham Tewson concluded. "Future lending appears focused on large shopping facilities again, but given current Government efforts to reduce consumer demand, individual projects will need to be closely scrutinised, according to some bankers." They worry about the same factors as the investing funds.

Further, noted Clive Lewis, "many funds are continuing to dispose of their older centres where rental growth has slowed, in some cases almost to a halt, because multiple

Shopping schemes - new space



SOME OF the heavy projections developers and landlords might have been making about rents in new shopping schemes may have to be adjusted. That, at least, is how it looks to the expanding retailer and there are still some of them about.

"If landlords want to fill their schemes they're going to have to be less bullish about the rents they're asking," warned Ron Delvevo, property and franchise director at The Rack.

This year The Rack, which needs only small shop units - on average 300 sq ft - for its ties and scarves, expects to open 25 shops in the UK, to bring the total up to 150.

Expansion has been constrained more by a lack of sites than a downturn in consumer spending, Mr Delvevo said, acknowledging that with "a low average ticket, we're not so sensitive as the shops

retailers, trading from standard units relative to modern retailing requirements, are assigning to secondary covenants."

This, of course provides redevelopment and refurbishment opportunities for the property companies and they have sought them with some enthusiasm. "There seems to be plenty of scope."

But there is also a significant number of new shopping centres opening over the next two years, Hillier Parker is forecasting that 13.3m sq ft of space will open this year and 19.8m sq ft in 1990.

have been taken on in the last three years, the relative increase in rents it will face on reviews will be less than for those shops whose rents are being reviewed now.

The latter are facing not only a catch-up on five years of rental growth, but also increased charges because of the imposition of the uniform business rate, against a background of attempts to restrain consumer spending. Small wonder that premiums have been falling.

Yet, as the accompanying article showed, more shopping centres are being opened.

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	Retail	Office	Industrial	All Property
Year to Dec 88	19.9	27.9	22.2	23.9
Year to May 89	17.2	24.2	24.8	21.4
Monthly rate - May 89	0.7	1.7	1.2	1.2

Source: Investment Property Database

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FT LAW REPORTS

Rollover relief is based on full ownership period

RICHART (HM INSPECTOR OF TAXES) v J LYONS & CO LTD

Court of Appeal (Lord Justice Dillon, Lord Justice Butler-Sloss and Sir George Waller); June 29 1989

ROLLOVER TAX relief on chargeable capital gains made on disposal of assets used for trade purposes during only part of the ownership period, is calculated on the basis of an apportionment of consideration...

LORD JUSTICE DILLON said that four properties were acquired by Lyons well before April 6 1965 when capital gains tax was introduced...

ceased to be used for trade purposes, was then let for several years, and was disposed of in 1979 or 1980.

Section 33(1) of the Finance Act 1965 (now section 115 of the Capital Gains Tax Act 1979) provided for rollover tax relief where the consideration for disposal of old assets used for trade purposes "throughout the period of ownership" was applied in acquiring new assets for trade purposes.

The subsection was not directly applicable in the present case because the old assets, the four properties, were not used for the purposes of trade throughout the period of ownership.

Section 33(3) provided that if the old assets were not used for the trade throughout the period of ownership, the section should apply as though part of the asset was a separate asset wholly used for trade purposes. That part represented its use for trade purposes "having regard to the time and extent" to which it was so used.

The subsection was to apply in relation to that part "subject to any necessary apportionment of consideration..." The effect of section 33 was to reduce the amount of the acquisition consideration by the gain realised on the disposal, so that the tax on that gain was rolled over or deferred until the new assets were disposed of (when it might be deferred again).

There was, however, an important qualification. The reduction was the amount of the chargeable gain, not the whole gain (see Schedule 13 paragraph 2 1987 Act).

The point of that was that Part II of Schedule 6 to the 1965 Act, which was concerned with assets already held on April 6 1965, was designed to ensure that the gain realised on subsequent disposal was only chargeable to capital gains tax insofar as it was to be treated as having accrued over the period beginning April 6 1965 and ending with disposal.

The Crown relied on two arguments. Mr Justice Millett accepted its broader argument, but rejected the narrower argument.

The broader argument applied to all four properties. It was founded on the proposition that as the extent of the rollover relief available after disposal of an asset held on April 6 1965 was referable to the amount of the chargeable gain on that disposal, and not to the amount of the gain, common sense required that the time to be taken into account in making an apportionment under section 33(3), "having regard to the time and extent" to which the property was used for trade purposes, must be time from April 6 1965 onwards.

It was not suggested that that result could be reached simply by construing "period of ownership" as not including any period before April 6 1965.

But it was said, it could be achieved on a purposive construction.

It was said, and the judge accepted, that time before April 6 1965, on a purposive construction, was irrelevant.

There was common sense in the argument, since the extent of rollover relief on the disposal of a pre-April 6 asset was limited to the chargeable gain attributable to the period after April 6. But the words used in section 33(3) did not fit the argument.

The opening words of section 33(3), "if the old assets were not used for the purposes of the trade throughout the period of ownership," pointed to a time apportionment. On the natural meaning of those words, time during the period of ownership was capable of including time before as well as after April 6 1965.

The judge regarded the wording as "cryptic" and "ambiguous," and he therefore felt able to take an indirect route to the sensible result, in preference to what he regarded as an absurd result.

He was disregarding the time before April 6 as part of the "period of ownership," instead of having regard to that time as directed by section 33(3).

The Crown's broader argument was rejected. Its narrower argument only applied to two of the properties.

In the case of properties No 1 and No 2, gain after April 6

1965 was calculated under paragraph 24 of Schedule 6.

Under that paragraph the gain was assumed to have grown at a uniform rate from nothing at the beginning of the ownership period, to its full amount at time of disposal. The chargeable gain was calculated by way of apportionment by a simple fraction.

With property No 4, however, the consideration received on disposal included development value. It was therefore mandatory to calculate chargeable gain under paragraph 23 of Schedule 6, not paragraph 24.

Where paragraph 23 applied, it had "to be assumed" under subparagraph (2) that the asset was sold by the person making the disposal and immediately re-acquired by him at market value on April 6 1965.

The Crown submitted that because of paragraph 23(2), property No 4 must, for section 33 purposes, be treated as having been acquired by Lyons on April 6 1965, and not before.

The objection to that argument was that development value, which made paragraph 23 applicable to property No 4, had nothing to do with the matters with which section 33 was concerned.

The same point arose in relation to property No 3, under paragraph 25 of Schedule 6.

Paragraph 25 gave the person who disposed of an asset held on April 6 1965 the right to elect for computation of

chargeable gain on the basis of a deemed disposal and re-acquisition at market value on April 6 1965, instead of on the basis of straight line growth under paragraph 24.

It provided that if the person so elected, "it shall be assumed" the assets were sold and re-acquired on April 6 1965.

Paragraph 23(2) said that for the purpose of that "it shall be assumed, wherever relevant" that assets were sold and re-acquired.

Each of the three forms of words must have been intended to have the same effect. The words "wherever relevant" were implicit in paragraphs 23 and 25.

The assumptions that the assets were sold and re-acquired were not relevant for the purpose of section 33(3), and should therefore not be made. The actual period of ownership was to be considered, not a hypothetical period founded on an assumption for other purposes.

The narrower argument was rejected. As the broader argument was also rejected, the appeal was allowed.

Lord Justice Butler-Sloss and Sir George Waller agreed.

For the Crown: Nicholas Warren (Solicitor, Inland Revenue). For Lyons: Andrew Thornhill QC and David Exart (Ashurst Morris Crisp & Co). Rachel Davies Barrister

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FINANCIAL TIMES SURVEY

Humberside has made a good recovery from the dark days when unemployment soared to 20 per cent. Now, as the county looks forward to becoming the gateway to Europe its boundaries are again under review. Stewart Dalby reports.

Recovery amid controversy

HUMBERSIDE, the county created amid much controversy in 1974 from the East Riding of Yorkshire and the parts of Lincolnshire which border the Humber River, has taken many hard knocks in its comparatively short life. Now, just as it has begun to regain its feet economically, its territorial integrity is once more being questioned by people on the north bank of the Humber who are unhappy about being incorporated in a county which includes parts of what was once Lincolnshire. Consequently, the Government has asked the Boundary Commission to re-examine its findings last year that the county works as an administrative unit.

During more than a decade of trauma, at least 20,000 jobs have been lost in fishing, the area's main industry until the 1975 cod war and the subsequent imposition of EC quotas on fish catches. More than 12,000 jobs in the steel industry have disappeared, and the engineering sector is estimated to have contracted by some 10,000 jobs. By the end of the recession in the early 1980s, unemployment had rocketed from 7 per cent to about 25 per cent, with some 70,000 on the jobless register out of a workforce of 350,000. Relatively higher numbers of women at work disguised the fact that male unemployment in some areas touched 40 to 50 per cent. The tide began to turn in the mid-1980s when the economic development unit of the county council, in conjunction with sympathetic Labour Party-dominated county and district councils, started systematically to lobby Westminster and the European Community for grants and assistance. The momentum of inward investment - and associated job creation - has really begun to pick up in the past couple of years. The local Economic Development Unit (EDU) estimates there was £1bn of private sector investment in the county in 1988. This compares with £800m in 1987 and £500,000m in 1986. A large proportion of this investment has poured into Scunthorpe, the old steel town. Scunthorpe was given the full range of aid then available. It used these windfalls to attract dozens of diverse companies and the unemployment rate in the town has dropped to under 10 per cent. Grimsby has developed differently. Although it lost its deep sea fishing fleet, it has retained a role as an important fish distribution centre and it is probably now the largest in Britain. The town has branched out into other areas of food processing and manufacture to the point where it now has more than two-thirds of its working population involved in this industry, and promotes itself as Britain's food capital. It has aspirations to the same title in Europe. Hull, with 250,000 people, is the region's most populated centre, and its revival is not so much a result of the establishment of new companies, or the rebirth of the fishing industry, but because of the expansion by companies that were already in the town and its environs. BP Chemicals, Smith and Nephew, and Reckitt and Colman have all expanded in line with the buoyant national economy and the local renaissance. Overall, unemployment for the county was 9.9 per cent for April 1989 compared with 7.4 per cent for the UK. Male unemployment was slightly higher, probably about 12 to 13 per cent, and male wages are estimated to be 90 per cent of the national average. It is therefore arguable that regeneration still has some distance to go. There is also a risk that further progress could be stymied by a failure to sort out the county's identity problems. The county's formation was troublesome from the start, since the "tykes" of Yorkshire do not wish to be associated with the "yellow bellies" of Lincolnshire, as they term them. The so-called "yellow bellies" harbour similar feelings about Yorkshire people even though residents of Scunthorpe, Grimsby and other towns on the Humber's southern banks probably have more in common with Yorkshire than they have with the rural folk of Lincolnshire further south. The arguments about dismembering the county are crudely emotional. Some of them border on the farcical.



A bridge too costly: easing communication between the two banks but widening divisions between the two halves of the population Tony Andrews

HUMBERSIDE

Emotional though the anti-Humberside campaigns may be, they occasionally gather force and in March this year Mr Nicholas Ridley's Department of the Environment responded to one of the campaigns by asking the Boundary Commission to re-examine the question of the county's boundaries. Officially, the request was made because the department received several thousand letters demanding abolition. Councillor Terry Geraghty, the Labour Party leader of the Humberside County Council, says Mr Ridley has received more than 1m letters opposing poll tax but has not yet decided to "have another look at that". Mr Geraghty is not alone in believing that the decision to refer back to the Commission the question of boundaries was a political ploy designed to help the Conservative Party in the May 4 county council elections. There was a hung council at the time and the Conservatives were the only group to adopt an ambivalent attitude on the question of Humberside. If the move was political it went badly wrong because the Labour Party scored a sweeping victory in the polls and now has an overall majority of seven in the 75-member council. The new council is fervently pro-Humberside and has compiled a copious document advancing reasons why the four alternative options for the structure of the county are impractical. Its reasoning may well sway the Boundary Commission but, in the meantime, all the old arguments about the formation of the county will be dragged out again and will divert attention from what the council sees as its main task: consolidating the county in preparation for the opportunities in Europe after the single market arrives in 1992. The problems of the county's



Pat Doyle: council leader

The "tykes" are worried that their sons will not be able to play cricket for Yorkshire. They do not want to play for Humberside, still less do they want to open the batting for Lincolnshire. In reality, Humberside cricketers qualify to play for Yorkshire. No-one seems able to advance serious economic reasons why the county should be broken up. The Boundary Commission reported to the Gov-

ernment towards the end of last year that Humberside worked as an administrative unit and should continue as a county. The heart of Hull, down by the dock area, is now a pleasant area, miles removed from the old image of a smelly, working fishing port. Two old docks, the Humber Dock and the Railway Dock, have been turned into an attractive marina. A former warehouse has been converted into the smart Post Hotel. This is all very well but should the council have spent money smartening up the docks and pedestrianising the centre of town when there are still 35,000 on the waiting list for housing? Councillor Pat Doyle, the Labour Party leader of Hull District, answers this criticism by pointing out that the council does more to solve housing problems than most other councils. Housing is still being

integrity are further compounded by the complex questions about the funding of the Humber Bridge. A glance at the map reveals that Humberside only really makes sense if the two banks are linked. Humberside is the largest flat estuary on Britain's east coast, and boasts its best deep water ports. It has large tracts of land available for industrial development and is a natural base for support services to the lower North Sea and for petrochemical companies. More than this, it is actively promoting itself as the gateway to Europe. It is 14 hours by sea or an overnight journey - from Zeebrugge and Rotterdam. After Dover and Felixstowe, the Humber ports handle the most traffic on the east coast and are growing faster than any. To realise the potential of Europe, Humberside needs to consolidate its integration around the estuary by easing communication between the two banks. Freight and passenger tolls for crossing the bridge are prohibitively expensive - £1.50 for a single journey by car and £8 for a heavy vehicle. This means that traffic across the bridge is much less than it might be. Therefore, instead of acting as a unifying factor, the bridge is actually contributing to the divisions between the residents of Humberside. What is needed is for the financing of the bridge to be sorted out. In the shorter term, questions can be posed about whether the development of Hull, and to some extent Grimsby, is somewhat hampered in that the lion's share of investment is going into speculative house building and service industries which may not provide jobs of any permanence. Many ask whether investment should not instead be diverted to manufacturing industry which is more likely to create lasting jobs. Continued on Page 3

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Art Institute. Master drawings from the Teyler Museum, the oldest in Holland, include nearly 100 works of two centuries...

Tokyo

Suntory Museum. Edo Glassware. Over 130 glass objects from the Edo period (mid 17th - mid 19th century)...

July 7-July 13

MUSIC

London

Royal Philharmonic Orchestra, conducted by James Judd, with John O'Connor (piano), Beechoven, Tchaikovsky, Barbiere...

Paris

Carl Maria von Weber's chamber music, concert and discussion. (Mon 7pm) Auditorium des Halles...

Summer festivals in France.

Saint-Jean-de-Luz, Aug 30 - Sept 10 (59260316). Gustav Mahler Festival, July 2 - July 12 (69265650).

Brussels

BRT Philharmonic Orchestra conducted by Bernard Terby

July 7-July 13

THEATRE

London

The Merchant of Venice. The Merchant of Venice. The Merchant of Venice. The Merchant of Venice...

New York

M. Butterfly (Shakespeare). M. Butterfly (Shakespeare). M. Butterfly (Shakespeare)...

New York

Heidi Chronicles (Plymouth). Heidi Chronicles (Plymouth). Heidi Chronicles (Plymouth)...

New York

Twelfth Night (Delacorte). Twelfth Night (Delacorte). Twelfth Night (Delacorte)...

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Schleswig Holstein Music Festival

June 25-August 20. Following previous successful festivals, initiated and directed by Justus Frantz...

New York

Mostly Mozart Festival Orchestra conducted by Gerard Schwarz with Isaac Perlman (violin), Mozart, Beethoven, Haydn...

Tokyo

Shimizu Nihon Symphony Orchestra, conducted by Ondrej Lenard. Matinee. Suntory Hall (Mon) (888 1658).

Chicago

A Funny Thing Happened on the Way to the Forum (Goodman). A Funny Thing Happened on the Way to the Forum (Goodman)...

Tokyo

Les Misérables (Imperial Theatre). Les Misérables (Imperial Theatre)...

VIAG Solid Growth and Higher Dividend. 1988 in Review: Most Successful Business Year in VIAG's History. In 1988, the VIAG divisions increased consolidated net income by 15% to DM 219 million. Growth through Acquisitions: With the objective of strengthening the Group's structure, VIAG will increase its interest in Didier-Werke AG... Higher Dividend: The successful income result in the 1988 business year enables a proposal for increasing the dividend from DM 6.50 to DM 7.50 per share... Prospects for 1989: Continued Upward Trends. The positive trend is being sustained as regards both sales and income. VIAG Group Highlights table with sales, net income, total investments, and employees for 1988 and 1st quarter 1989.

ARTS

The Silent Woman or Epicoene

SWAN THEATRE, STRATFORD-UPON-AVON

Not before time, the Royal Shakespeare Company has got round to one of Ben Jonson's greatest plays, the exquisitely satirical prose comedy Epicoene...

This lot all turn up for the wedding feast, a tumultuous third act climax from which the play surprisingly recovers with a wonderful Jonsonian improvement on Shakespeare's final scene in Twelfth Night...

make-up covers a multitude of sins: old Oter's wife goes to bed each night in 20 boxes and is reconstituted in the morning like a great German clock.



David Bradley and Richard McCabe

Cavalleria rusticana/I pagliacci

COVENT GARDEN

It is a settled matter, these many years, that Cav and Pag go together like a horse and carriage. The unsettled question is, which is which? Which supplies the horsepower? We all have our prejudices...

to well-deserved ovations. They were last seen in 1982, so Gregson's vivid stagings must involve far more than simple reproduction.

In Cav the new Russian is Paolo Kodriavchenko, whose hulky Turiddu evinces raw feeling as if by inadvertence...

appealing than expected. Amongst a minority, I thought the agonised posturings at the end faithful but ludicrous.

One beloved Anthony Michaels-Moore's anxious swain Silvio, warmly sung though invincibly English, and Barry Banks sketched a neat, fey Beppe plus "Harlequin" (in the play within-the-play).

Michael Coveney

The Knife

SAVONLINNA FESTIVAL

Of Finland's principal exports, two might be singled out here as being of particular note. One is the supply of paper for the London edition of the Financial Times, a contract held for many years by a Finnish company...

It was a controversial choice. Heininan (born 1938 in Helsinki) has been regarded as something of an enfant terrible in Finnish musical circles.

power play - a scenario defiantly of a "here and now" immediately recognisable to British readers, even if it ironically seems to have been in the picturesque lakes of Finland.

Tapola, had little opportunity to make use of the vast cast list. The musical performance, seemingly well prepared, was in the safe hands of Ulf Soderblom.

Samu Saikkonen and Jorma Silvasti. Tapola, had little opportunity to make use of the vast cast list. The musical performance, seemingly well prepared, was in the safe hands of Ulf Soderblom.

Richard Fairman

Pretty Polly

ALBANY EMPIRE, DEPTFORD

Under the auspices of LIPT, Roadside Theater has brought three plays comprising their Fine Mountain Trilogy to Depford High Street...

songs, in some of which the audience (responding a little timidly) are asked to join. To English spectators the impression is less Anglo-Saxon than Celtic; easy to imagine this boat of shared anecdote, history and legend with Irish or Scottish accents.

Martin Hoyle

On the Town

GUILDHALL SCHOOL OF MUSIC AND DRAMA

Leonard Bernstein's wartime Broadway hit, about three sailors on New York on a 24-hour leave, demands maximum energy from every performer.

erwise introduces nothing radical into the Broadway idiom beyond the odd trace of "classical" training. At the Guildhall the cast must have been chosen with a sensible ear to how much singing each could manage...

David Murray

ARTS GUIDE

July 7-13

Opera and Ballet. London: Sadler's Wells Opera Gala Night. London: Royal Opera House. Paris: Paris Opera. Stuttgart: Opernhaus Stuttgart. Berlin: Theater des Westens. Frankfurt: Oper Frankfurt.

of counter-tenor Jochem Kowalski. Andrey Michail, David Ben-Zur, and Kimberly Barber. Munich: Opernhaus München. Rome: Teatro alla Scala. Tokyo: Suntory Hall.

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SALEROOM

Furniture hits new highs

Christie's yesterday established its third important record in recent weeks when, after securing bids of £1.32m for an object of tribal art (a Benin bronze head) and £280,000 for a clock (by Thomas Tompion), it sold an item of English furniture for £1.1m, far outstripping the previous best of £407,000 paid for a George II commode at Christie's a year ago.

cricketcall Live International England v. Australia 0898 121 134. Includes a table of cricket scores for various counties.

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FINANCIAL TIMES logo and contact information.

POLITICS TODAY

The British Government is going through one of those periods in which practically everything it touches turns to dross.



A summer of frustration

By Joe Rogaly

Her arguments from what is becoming ancient history cannot explain the current rash of public sector strikes, which has broken out under Tory legislation.

Water privatisation will also return to haunt the Tories. The many flaws in the legislation have been well rehearsed over the past few weeks.

Further lowered by a heavy subsidy from the Exchequer. This way the private sector, which is thought by both Mr Parkinson and Mr Lawson to be inherently efficient, would clean up the mess.

Then there is the green factor. Environmentally-minded voters do not like nuclear power. Mr Nicholas Ridley, Secretary for the Environment, seems to have proposed that a fossil fuel tax be imposed, with the proceeds paying for the nuclear sector.

Arise, Sir Alan of the US Fed

Greenspan should be knighted, writes David Hale

ONE OF the interesting questions raised by Buckingham Palace's decision to confer knighthoods upon former US Defence Secretary Casper Weinberger and President Ronald Reagan for services to Britain is when Her Majesty will bestow such an honour upon Alan Greenspan for his services as Monetary Lord of One Fifth of the British Commonwealth and Empire.

More knighthoods for American civil servants should not mean fewer honours for other countries' public officials. In fact, by assuming a quiet but potentially effective consultative role in the conduct of international monetary relations, Europe's oldest monarchy could help to smooth the way for Europe's oldest central bank to sit at the table with the European monetary system.

LETTERS

Qualifying as a charitable object

From Ms Usha Prasher. Sir, Michael Prowse ("A supine policy on charities," June 29) reveals an extraordinarily narrow understanding of charity, while attempting to argue for modernisation of its definition.

Fair and friendly

From Mr D.H. Wilkinson. Sir, Your recent reports on the problems faced by two friendly societies, the Fleet and Time Assurance, perhaps do not make clear the fundamental difficulties faced by the movement as it attempts to compete in a financial services market increasingly dominated by the biggest players.

A good performance that could be even better

From Mr Glenn Hoggarth. Sir, I was interested to read Andrew Snell's article ("The export consequences of Mrs Thatcher," June 26) on the UK's recent export performance.

Delighted to be a sponsor

From Mr Stephen Anty. Sir, We were pleased to see Antony Thorncroft's article on arts sponsorship ("June 5") which raised two interesting questions about the MI Group's successful sponsorship of Carmen at Her Majesty's Theatre.

A powerful head of steam is building up behind the proposed single market of 1992.

But what exactly is being created?

This week in The Economist, we publish a major survey on the European Internal Market.

And very revealing it is too.

Observers within and without the EEC now regard the 1992 programme as very much a trade and political union.

There will be no Fortress Europe, to the dismay of the protectionists.

Instead, a laboratory for the evolution of world trade is envisaged.

A prototype for a future global market, perhaps?

Find out in The Economist today.



COMPANIES & MARKETS

Friday July 7 1989

Erith plc BUILDERS MERCHANTS

Showing the way in sonar systems FERRANTI INTERNATIONAL

INSIDE

Canadian brewers' merger approved

The planned merger of the Canadian-based brewing operations of Molson Companies and Elders Ltd...

Boom time for Malaysian cocoa

Not so long ago, the Malaysian cocoa industry amounted to little more than a few experimental farms...

Losses in Japan and Hong Kong take wind out of markets' sales

The pace in world equity markets slowed down during the second quarter...

The lure Chicago cannot resist

The Chicago Board of Trade has made four previous attempts to launch a successful mortgage contract...

Bright picture for ITV investors

The shares of Thames Television, the largest ITV company, rose 23p to close at 493p yesterday...

Siemens outlines management changes

By Haig Simonian in Frankfurt SIEMENS, the West German electrical and electronics group currently involved in a disputed takeover bid for Plessey...

The reorganisation, which follows a shake-up at head office last year, represents the most thorough attempt to date by Siemens...

Developer Imry now plays bid victim

By Paul Cheeswright in London LONDON'S newest and most reluctant theatre proprietor has emerged as the central character in its own City drama...

One and one makes one

David Waller on the most popular sum for today's big accountants

Small is very definitely not beautiful in the world of accountancy. The international firms are scrambling to jump into bed with one another...

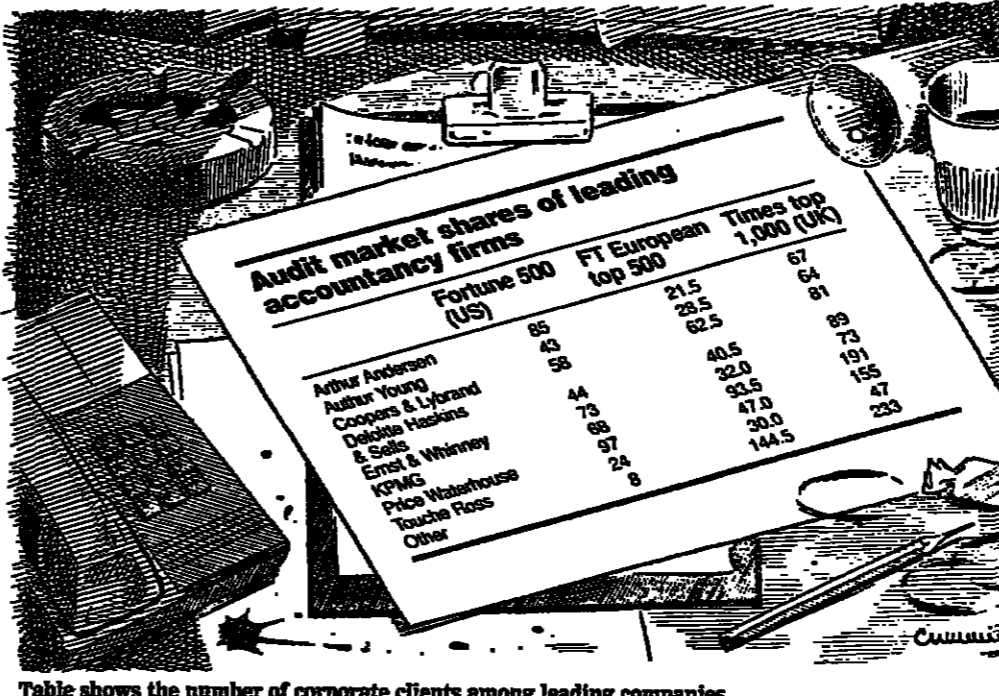


Table shows the number of corporate clients among leading companies

Price Waterhouse has roots going back to the middle of the last century. It was founded by one Edwin Waterhouse...

national firms under the PW umbrella. The Arthur Andersen partnership is riven by the conflicting interests of the fast-growing, capital-hungry consulting side...

ICI to spend £150m on chemicals plant in Taiwan

By Peter Marsh in London IMPERIAL CHEMICAL Industries plans to spend £150m (£280m) on a chemicals plant in Taiwan in a move which is the company's single biggest investment...

Successful developments needn't follow the usual channels.

Advertisement for Black Country Housing, featuring a map of the area and text describing the development.

Telefonica buys into S America

By Peter Bruce in Madrid and Barbara Durr in Santiago TELEFONICA, the Spanish telephone monopoly, has made its first major breakthrough in Latin America...

Advertisement for Black Country Housing, including contact information and a description of the development.

Market Statistics table with columns for Base lending rates, Benchmark bond yields, etc.

Companies in this section table listing various firms and their market values.

Chief price changes yesterday table showing price movements for various stocks and commodities.

London (Pence) table listing stock prices for various companies like British Petroleum, etc.

Group Precious Metal Mining Companies' Reports for the quarter ended 30 June 1989

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited (Registration No. 09/0489/05)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Gold - West Driefontein, Gold - East Driefontein, and Financial Results (000).

Financial Results (000) summary table showing Working profit Gold, Profit before tax and State's share of profit, and Capital expenditure.

Capital Expenditure. The unexpended balance of authorized capital expenditure at 30 June 1989 was R699.5 million.

Dividend. A dividend (No. 52) of 120 cents per share was declared on 13 June 1989, payable to members on or about 9 August 1989.

SHAFTS

EAST DRIEFONTEIN. No. 5 Sub-Vertical Shaft-E. The station on 68 level was excavated and lined and development to the water pass position completed.

WEST DRIEFONTEIN. No. 9 Sub-Vertical Shaft-W. The excavation of one of three water chambers on 21 level and of the platform water chamber on 22 level has commenced.

ORE RESERVES AT 30 JUNE 1989. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 5.0 grams per ton the reserves are as follows:

Table with 4 columns: Classification, Tons, Width (cm), Value (g/t), cm/g/t. Rows include West Driefontein (Pay limit 5.0 g/t) and East Driefontein (Pay limit 6.2 g/t).

On behalf of the board A. J. Wright, M. J. Tagg, Directors

6 July 1989

Northam

Northam Platinum Limited (Registration No. 77/0322/06)

ISSUED CAPITAL: 26 000 000 shares of 1 cent each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Pre-production Mine Development Expenditure (000).

All income and expenditure has been capitalized as pre-production mine development expenditure. CAPITAL EXPENDITURE. The unexpended balance of authorized capital expenditure at 30 June 1989 was R712.1 million.

SHAFTS

ZONDRONDORP. No. 2 Shaft-Z. The shaft was sunk 28 metres to a depth of 1 656 metres below collar. The station on 6 level and development to the water pass position was completed.

No. 2 Shaft-Z. On 8 level the station, water sump, and coil and water belt conveyors were completed. The water pass between 4, 5 and 6 levels was also completed. The shaft was sunk 45 metres to a depth of 1 740 metres below collar.

The second payment under the contract for the construction of the second shaft was received. Work continues on the erection of the base metal recovery plant building and on the shaft.

On behalf of the board A. J. Wright, M. J. Tagg, Directors

6 July 1989

Vlaktfontein

Vlaktfontein Gold Mining Company Limited (Registration No. 05/0519/05)

ISSUED CAPITAL: 6 000 000 shares of 20 cents each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Gold - Drogobak, Gold - Surface, and Financial Results (000).

Financial Results (000) summary table showing Working profit Gold, Profit before tax and State's share of profit, and Capital expenditure.

Capital Expenditure. The unexpended balance of authorized capital expenditure at 30 June 1989 was R2.5 million.

Dividend. The final dividend was posted. ORE RESERVES AT 30 JUNE 1989. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 3.5 grams per ton the reserves are as follows:

Table with 4 columns: Classification, Tons, Width (cm), Value (g/t), cm/g/t. Row includes May Reef.

On behalf of the board M. J. Tagg, A. J. Wright, Directors

6 July 1989

Venterspost

Venterspost Gold Mining Company Limited (Registration No. 05/0524/05)

ISSUED CAPITAL: 20 200 000 ordinary shares of 25 cents each, fully paid. 4 800 000 deferred ordinary shares of 25 cents each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Gold, Financial Results (000), and Capital Expenditure.

Capital Expenditure. The unexpended balance of authorized capital expenditure at 30 June 1989 was R114.9 million. Expenditure for the year in respect of the No. 4 Shaft Project includes the cost of the mineral rights and purchase of mineral claims purchased.

Dividend. A dividend (No. 59) of 35 cents per share was declared on 13 June 1989, payable to members on or about 9 August 1989.

SHAFTS. No. 4 Shaft Project. The reduced sinking cost of 132 000 was the result of the underground No. 4 Shaft Project being completed for July because of the completion of the shaft, although the line has been reinstated.

No. 4 Shaft Project. The reduced sinking cost of 132 000 was the result of the underground No. 4 Shaft Project being completed for July because of the completion of the shaft, although the line has been reinstated.

The surface consolidation at all building sites and the construction of support buildings were completed. The installation of the platform water chamber was completed, and the installation of the mobile water tank is in progress.

The loading on 10 level from No. 1 Sub-Vertical Shaft towards No. 4 Shaft is about 250 metres to 350 metres.

ORE RESERVES AT 30 JUNE 1989. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 4.9 grams per ton the reserves are as follows:

Table with 4 columns: Classification, Tons, Width (cm), Value (g/t), cm/g/t. Rows include Main Reef, Venterspost Contact Reef, Libanon Reef.

On behalf of the board M. J. Tagg, A. J. Wright, Directors

6 July 1989

Libanon

Libanon Gold Mining Company Limited (Registration No. 05/0531/06)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Gold, Financial Results (000), and Capital Expenditure.

Financial Results (000) summary table showing Working profit Gold, Profit before tax and State's share of profit, and Capital expenditure.

Capital Expenditure. The unexpended balance of authorized capital expenditure at 30 June 1989 was R59.8 million.

Dividend. A dividend (No. 77) of 20 cents per share was declared on 13 June 1989, payable to members on or about 9 August 1989.

ORE RESERVES AT 30 JUNE 1989. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 5.1 grams per ton the reserves are as follows:

Table with 4 columns: Classification, Tons, Width (cm), Value (g/t), cm/g/t. Rows include Main Reef, Venterpost Contact Reef, Libanon Reef.

On behalf of the board M. J. Tagg, A. J. Wright, Directors

6 July 1989

Doornfontein

Doornfontein Gold Mining Company Limited (Registration No. 05/0479/05)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Gold, Financial Results (000), and Capital Expenditure.

Capital Expenditure. The unexpended balance of authorized capital expenditure at 30 June 1989 was R77.0 million.

Dividend. A dividend (No. 65) of 5 cents per share was declared on 13 June 1989, payable to members on or about 9 August 1989.

ORE RESERVES AT 30 JUNE 1989. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 5.9 grams per ton the reserves are as follows:

Table with 4 columns: Classification, Tons, Width (cm), Value (g/t), cm/g/t. Rows include Carbon Leader, Main Reef.

On behalf of the board A. J. Wright, M. J. Tagg, Directors

6 July 1989

Kloof

Kloof Gold Mining Company Limited (Registration No. 64/0462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Gold, Financial Results (000), and Capital Expenditure.

Financial Results (000) summary table showing Working profit Gold, Profit before tax and State's share of profit, and Capital expenditure.

Capital Expenditure. The unexpended balance of authorized capital expenditure at 30 June 1989 was R63.0 million.

Dividend. A dividend (No. 39) of 65 cents per share was declared on 13 June 1989, payable to members on or about 9 August 1989.

SHAFTS. No. 4 Sub-Vertical Shaft-K. Sinking operations commenced during June and have reached a depth of 94 metres below collar.

LEUSDORP. No. 1 Shaft-L. A total of 1 096 metres of stope was installed during the quarter. Equipping operations have now progressed from shaft bottom to a position 620 metres below collar.

No. 1 Shaft-L. The shaft was sunk 105 metres to a depth of 211 metres below the collar. Section of the main water tank is in progress and the foundations for the main water tank are being established.

ORE RESERVES AT 30 JUNE 1989. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 7.3 grams per ton the reserves are as follows:

Table with 4 columns: Classification, Tons, Width (cm), Value (g/t), cm/g/t. Rows include Venterpost Contact Reef, Kloof Reef, Libanon Reef.

On behalf of the board M. J. Tagg, A. J. Wright, Directors

6 July 1989

Deelkraal

Deelkraal Gold Mining Company Limited (Registration No. 74/0016/05)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

Table with 4 columns: Quarter ended 30 June 1989, Quarter ended 31 March 1989, Year ended 30 June 1989, Year ended 30 June 1988. Rows include Gold, Financial Results (000), and Capital Expenditure.

Capital Expenditure. The unexpended balance of authorized capital expenditure at 30 June 1989 was R229.6 million.

Dividend. A dividend (No. 13) of 50 cents per share was declared on 13 June 1989, payable to members on or about 9 August 1989.

No. 3 Shaft. The shaft was sunk 152 metres to a depth of 463 metres below collar. Progress is being hampered by the installation of water bearing lines.

ORE RESERVES AT 30 JUNE 1989. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 4.0 grams per ton the reserves are as follows:

Table with 4 columns: Classification, Tons, Width (cm), Value (g/t), cm/g/t. Rows include Venterpost Contact Reef, Deelkraal Reef.

On behalf of the board A. J. Wright, M. J. Tagg, Directors

6 July 1989

GOLD FIELDS OF SOUTH AFRICA LIMITED

Notes: Copies may be obtained from the United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencroft Place, London, SW1P 1PL.

صدا من الامم

INTERNATIONAL CAPITAL MARKETS

Rebounding dollar supports bonds

By Janet Bush in New York, George Graham in Paris and Stephen Fidler in London

A REBOUND in the dollar after its precipitous fall in recent days helped US Treasury bonds to arrest their decline this week.

GOVERNMENT BONDS

The dollar was quoted well above earlier lows of Y137.85 and DM1.8790 to stand at Y138.25 and DM1.890 in late trading. This was the key factor helping bond prices yesterday.

consensus forecast is for a rise in the non-farm payroll of just over 200,000 compared with May's gain of 191,000. The June figures include five rather than four weeks of unemployment statistics, which accounts for the larger expected rise in the non-farm payroll.

A figure of around 200,000 would be construed as showing enough economic weakness for the Fed to ease Fed funds by another 1/4 point. A figure of 250,000 or more would be interpreted as restraining any easing move by the Fed.

Bond economists cautioned that there is considerable risk that the bond market could suffer more from a strong gain in the non-farm payroll than benefit from a weak number because expectations of a soft number are so widespread.

THE FRENCH Government yesterday carried out its first auction of Euro-denominated state bonds, following the successful syndicated sale of the same Euro bond in April.

The Government accepted bids for 352m Euros, 45 per cent of the bids submitted, at a cut-off price of 98.55 per cent, giving a weighted average yield of 8.55 per cent. April's placing, bought mostly by individual investors, had a yield of 8.66

per cent. Dealers said that the first auction tranche should go a considerable way towards making the 8.5 per cent 1997 Euro bond into a reference for the market. Most of the April placing is firmly held, but around 100m Euros worth is still being traded.

The dealers said that yesterday's tranche, bought mostly by international institutions, would add perhaps 300m Euros to the float.

At the same auction, the Government sold FF2.7bn of French franc bonds, including FF2.7bn of the 10-year fixed rate OAT 8.125 per cent 1995.

The Government accepted less than a quarter of the bids submitted, and the cut-off price gave an average yield of 10.7 per cent, 15 basis points below June's auction level.

A further FF2.95bn was sold of the 30-year fixed rate OAT 8.5 per cent 2019, at a cut-off price of 95.7 per cent. This gives an average yield of 8.91 per cent, 23 basis points below the last auction of this bond in May.

Only FF2.2bn was sold of the floating rate OAT TMS 2001, indexed on the average of government bond secondary market yields. The margin of 40 basis points below the index

was considerably tighter than the 63 basis points recorded when the bond was last auctioned in April.

The FF2.2bn accepted at a price of 97.4 per cent was well clear of the rest of the market. The remaining FF5.75bn of bids went no higher than 97.2 per cent.

The success of the French auction helped push the Paris government bond market higher, and prices ended the day 20 to 25 centimes above Wednesday's close.

It thus provided a contrast to most of the other European markets, where the prospect of today's US unemployment figures and the feeling that the dollar's recent sharp declines may be due for a temporary reversal made for a cautious approach.

Nevertheless, with a current yield differential of more than 2 per cent above its German counterpart, there are still expectations that the French market can outstrip the performance of its neighbours.

The German market turned lower, despite purchases in the market by the Bundesbank, even after a firmer start. The announcement of revised inflation figures, showing inflation in the year to June at 3.1 per cent, instead of the provisionally estimated 2.9 per cent, led the market to lose its early morning gains.

The market closed about 10 points weaker, with some US investment banks reported to be switching out of the German market into US Treasuries and into the French market. The Dutch market kept in step with the German, preserving a yield premium of about 40 basis points.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Fed Rate, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

London closing, *denotes New York closing. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Source

Japanese offering at Euro-clear

By Katharine Campbell

EURO-CLEAR, the Brussels-based clearing house, has begun to distribute Japanese Euroclear offerings via the operation's new insurance service.

Marubeni, the Japanese trading house, undertook a 45m international share offering last Monday. While Euro-clear began accepting Japanese securities into the system earlier this year, this was the first time a primary offering had been taken on.

Euro-clear's new insurance service helps lead managers secure same-day payment to the equity issues, as well as delivery against payment for members of the syndicate.

The clearing house has been expanding this side of its operations to complement its Japanese equity warrants and convertible bonds settlements.

Meanwhile, in another new venture this week, the clearing house began handling a range of Swedish domestic debt securities, in response to a demerger which allowed foreigners to participate in that market for the first time. The rival Luxembourg clearing house Cedel provides the same service for Swedish fixed income securities.

RJR not to seek Swiss ruling

RJR NAUSCO has chosen not to ask the Swiss courts to decide whether its 525m buyout by Kohlberg Kravis Roberts is constituted a reorganisation of the company, according to a Swiss Bank Corporation Reuter report from Zurich.

That means that the letters of credit guaranteeing three bonds it launched in Switzerland will remain in place, SBC said.

Lead managers SBC and J.P. Morgan Securities (Switzerland) had said they would call the bonds early if RJR did not back them with letters of credit.

The move was designed to address bondholders' concerns that their securities were threatened by the leveraged buy-out approved last April.

RJR had reserved the right to ask the courts to decide whether the buy-out represented a reorganisation under terms of the bond covenant, but will not exercise that right, SBC said.

J.P. Morgan was lead manager for a \$127m, 5 1/2 per cent, 15-year bond due in 2000 and a \$12m, 6 per cent, dual-currency, 18-year bond due in 1994.

SBC led a \$120m, 5 1/2 per cent, dual-currency, step-up coupon bond over 15 years due in 2001.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: Issuer, Maturity, Coupon, Yield, Price, Change, etc. Rows include US DOLLAR, YEN STRATEGIES, OTHER STRATEGIES, etc.

Neuzeitliche Markt STRATEGIES, etc.

Table with columns: Issuer, Maturity, Coupon, Yield, Price, Change, etc. Rows include NEUZEITLICHE MARKT, STRATEGIES, etc.

Table with columns: Issuer, Maturity, Coupon, Yield, Price, Change, etc. Rows include SWISS FRANC, STRATEGIES, etc.

British Telecom USA Holdings, Inc.

has acquired a 20 per cent interest in

McCaw Cellular Communications, Inc.

The undersigned acted as financial advisers to British Telecom USA Holdings, Inc.

S.G. Warburg & Co. Inc. July 1989

Donaldson, Lufkin & Jenrette Securities Corporation

Brasilvest S.A.

Net asset value as of 30th June, 1989 per NCZ Share: 2,672.68 per Depository Share: US\$14,498.91

IN THE HIGH COURT OF JUSTICE (England) Chancery Division Mr. Registrar Buckley IN THE MATTER OF THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED and IN THE MATTER OF THE COMPANIES ACT, 1985

NOTICE IS HEREBY GIVEN that by an Order dated the 30th day of June, 1989 made in the above matter the Court has directed a Meeting to be convened of the Scheme Creditors of the above named Company (hereinafter called "the Company") (as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering, and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the Scheme Creditors and that such Meeting will be held at The London Press Centre, Conference Centre, New Street Square, London EC4A 3DF commencing at 10.00 a.m. on Friday 1st September, 1989 at which place and time all the aforesaid Scheme Creditors are requested to attend.

Banque Internationale Four Afrique Occidentale U.S. \$50,000,000 Floating Rate Notes due 1995

GVAS 7 LIMITED US\$100,000,000 Secured Floating Rate Notes due 1993

OFFSHORE OIL INDUSTRY

The Financial Times proposes to publish this survey on: 5th September 1989

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an invitation to any person to subscribe for or purchase any new ordinary shares of 25 cents each.

RANDEX LIMITED

(Incorporated in the Republic of South Africa) (Registration number 05/06778/06)

MARIEVALE LIMITED

22,601,114 new ordinary shares of 25 cents each at an issue price of 300 cents (South African currency). The above securities have been admitted to the Official List by the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.

Particulars of the new ordinary shares are available in the Extra Statistical Service, and copies of such particulars may be obtained during normal business hours up to and including 12 July 1989 from the Company Announcements Office, The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, 46-50 Finsbury Square, London EC2A 1DD and up to and including 25 July 1989 from:

James Capel & Co. Corporate Finance 7 Devonshire Square London EC2M 4HN

HSB Small Registrars Limited New Issues 6 Cromwell Place London SW1P 1PL

ENERGY INTERNATIONAL N.V.

(Incorporated with Limited Liability in the Netherlands Antilles)

Shareholders in the Fund are convened to attend the Annual General Meeting of shareholders to be held on Monday 31st July, 1989 at 10.00 a.m. at the registered office of the Fund at Plettenhagen 15, Willemstad, Curaçao, Netherlands Antilles.

The home on the agenda are: (1) Approval of Report and Accounts and proposal of a dividend of US\$2.00 per share for the financial year ended 31st March, 1989. (2) Election of the Members of the Board of Management.

U.S.\$150,000,000

First Interstate Bancorp

Shareholders in the Fund are convened to attend the Annual General Meeting of shareholders to be held on Monday 31st July, 1989 at 10.00 a.m. at the registered office of the Fund at Plettenhagen 15, Willemstad, Curaçao, Netherlands Antilles.

Floating Rate Notes Due 1994

Table with columns: Interest Rate, Interest Period, Interest Amount due, U.S. \$100,000 Note, Credit Suisse First Boston Limited Agent Bank

UK COMPANY NEWS

Regional slams Monopolies report on the brewing industry
Fuller Smith up 10% to £7.4m

By Graham Deller

FULLER, SMITH & Turner, the West London-based brewer renowned among real ale aficionados for its BSB premium bitter, yesterday announced taxable profits some 10 per cent higher at £7.4m for the 12 months to end-March.

and Mergers Commission report on the brewing industry, Mr Ian Turner, director,



The report itself is rubbish... we have great hopes that everything will come right in the wash.

Fuller's estate currently consists of some 150 houses. "We are always looking for new opportunities", said Mr Turner. He stressed, however, that the group had no immediate plans to expand from its present base.

share expanded to 19.6p, up from 17.5p last time, and a proposed final dividend of 2.5p makes 4.45p (3.6p) for the year.

Modest growth at Baker Harris

By Paul Chesswright, Property Correspondent

BAKER HARRIS Saunders, which in late 1986 led the wave of chartered surveyors to market flotation, yesterday announced an 11 per cent increase to £3.8m in pre-tax profits for the year to April 30.

Losses at Owners Abroad near £8m

By Ray Bashford

OWNERS ABROAD, the tour operator and airline seat broker, returned pre-tax losses of £7.63m, against £5.53m, during the six months to April 30. Turnover rose from £26.9m to £27m.

Godfrey Davis adds to its uniform supply business

By Philip Coggan

GODFREY DAVIS Holdings, the car dealing and laundry group, has agreed to acquire the Practical Uniform Company for an initial £5.5m.

PUC designs, manufactures and distributes industrial clothing and work uniforms. Godfrey Davis already has a uniform supply business - First Impressions - which is strong in the food and leisure business while PUC is strong in the oil and retailing fields.

Jack Israel hits £1.85m with 23% expansion

By Philip Coggan

JACK L Israel Group reported taxable profits ahead 23 per cent from £1.5m to £1.85m in the year to end-March.

contract food division management was strengthened and it saw a trend towards long-term supply contracts with most customers. The international merchandising division made a significant contribution, directors said, while food processing had a record year.

DRG increases its US presence with £9.3m buy

By Philip Coggan

DRG, the stationary, packaging and engineering company, has acquired TK Gray, a US distribution group, for \$15m (£9.3m) cash.

Property sale boosts Daejan 48% to £32.5m

By Philip Coggan

DAEJAN Holdings, the property investor and trader, continued its progress with a 48 per cent increase in pre-tax profits for the year to March 31.

M&G backs Magnet offer

By Philip Coggan

THE CHANCES of a successful conclusion to the management buy-out of Magnet, the kitchen and DIY company, were boosted yesterday by the news that M&G, one of the long-term opponents of the deal, had decided to accept the offer.

There is a time when the battle has run its course. Other opponents appear to be holding out, however, mainly on the principle that such deals involve conflicts of interest.

But Baker Harris has increased the amount of business it is handling in line with others in the sector. Turnover rose 45 per cent to £8.8m. Earnings per share were 20.5p, little changed from the previous year's 20.5p. But, with recommendation of a final dividend of 4p, total payment for the year is lifted to 7p (6.25p).

Although higher costs have reduced margins at Baker Harris, profits before tax were 43 per cent of turnover, a higher proportion than at Debenham Tewson & Chinnocks, Savills and Fletcher King, which have just reported figures.

Business in the City of London remains the staple of the Baker Harris business, but dependence has reduced from 73.4 per cent of turnover in 1987-88 to 62.4 per cent as revenue has come in from expansion to the West End, New York, property management and financial services.

There has been a slowdown in City activity and Baker Harris expects this to continue, but instructions on property sales and acquisitions have remained frequent. Yesterday, it announced that it had been commissioned by Manufacturers Hanover, the US bank, to sell its City headquarters close to the Bank of England.

Telfos joint venture

Telfos Holdings is selling a 50 per cent interest in its vacant property at Strykeley, Birmingham, to Omsory Estates for \$2m. They will form a joint venture to develop the site.

Because of the seasonal nature of the business, the six months under review included only 22 per cent of the number of passengers that are expected to be carried during the year.

The results included Jsaerborg's entire loss, as it has become a wholly-owned subsidiary, whereas last year's figures included it as an associated company loss of £200,000.

Turnover in the seat wholesaling and tour operating division rose 53 per cent to £70.3m (£45.8m) while the operating loss fell to £2.5m (£3.1m), a 10 per cent decline.

Directors have declared an increased interim dividend of 0.7p (0.6p). The loss per share was 9.05p (8.68p). The pre-tax figure was struck after an exceptional debit of £387,000 (£559,000) which is made up of the write-off of aircraft introductory costs.

Directors said that the wholesaling and tour operating operations continued to trade well despite an industry-wide downturn in booking levels.

"Whilst the performance so far is encouraging, it must be remembered that the full-year profits from tour operating are dependent upon the success of the high margin months of the summer season so at this stage it is still too early to predict the final outcome," they said.

Alexander Russell, which has interests in quarrying, coal recovery and concrete products, saw profits slip from £2.87m to £2.75m in the year to March 31.

TOP BRAND FUND INTERNATIONAL (SICAV)

Registered Office: 10 Boulevard Roosevelt, Suite Pansak 408, L-2014 Luxembourg, R.C. Luxembourg: B 23.632

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS The Annual General Meeting of Shareholders of Top Brand Fund International will be held at its registered office at 10, boulevard Roosevelt, Luxembourg, at 11.00 a.m. on 23rd July, 1989, for the purpose of considering and voting upon the following matters:

- Agenda of the Annual General Meeting of Shareholders
1. To accept the Directors' and Auditors' reports and to approve the financial statements for the year to 31st March, 1989.
2. To declare a dividend of US\$0.20 for the period to 31st March, 1989 as recommended by the Board, and to fix its date of payment.
3. To discharge the Directors and the Statutory Auditor from their responsibilities for all actions taken within their mandates during the period to 31st March, 1989.
4. a) To ratify the co-optation of Mr Kohsuke Seto as a Director of the Fund. b) Re-election of the Directors holding office as present.
5. To decide on any other business which may properly come before the Meeting.

Voting The Resolutions may be passed without a quorum, by a simple majority of the votes cast thereon at the Meeting.

Voting Arrangements In order to vote at the Meeting... the holders of bearer shares must deposit their shares not later than 17th July, 1989, either at the registered office of the Fund, or with any bank or financial institution acceptable to the Fund, and the relative Deposit Receipts (which may be obtained from the registered office of the Fund) must be forwarded to the registered office of the Fund to arrive not later than 17th July, 1989. The shares so deposited will remain blocked until the day after the Meeting or any adjournment thereof.

The Board of Directors 6th July, 1989

To Holders of The Nishi-Nippon Bank, Ltd.

U.S. \$70,000,000

2 1/2 per cent. Convertible Bonds Due 2003

Notice of Offer of Rights

Pursuant to sub-clauses (B) and (C) of Clause 6 of the Trust Deed dated 19th February, 1988, under which the above described Bonds (the "Bonds") were issued, notice is hereby given that the Board of Directors of The Nishi-Nippon Bank, Ltd. (the "Bank") at its meeting held on 26th June, 1989 resolved that the Bank offer rights to its shareholders of record at 17.00 hours, Japan time, on 31st July, 1989 (the "Record Date"), entitling them to subscribe for 0.1 share of the Bank's common stock for each one share held at the subscription price of 480 Japanese yen per share. Such rights will be exercisable for the period from 6th September, 1989 to 18th September, 1989 (both days inclusive). The shares of common stock subscribed by the shareholders will be issued on 1st October, 1989.

As a result of such offer of rights, the conversion price of the Bonds (currently 758.50 Japanese yen per share) will be adjusted, effective as at 1st August, 1989 which is the day immediately following the Record Date, pursuant to Condition 4(C) (ii) of the Terms and Conditions of the Bonds. However, the conversion price after the adjustment is at present not determinable, because it will be calculated based on the number of shares of the Bank's common stock outstanding at the close of business in Japan on the Record Date. Further notice will be given of the adjusted conversion price.

The Daiwa Bank, Limited on behalf of THE NISEI-NIPPON BANK, LTD. 7th July, 1989

NEWGATEWAY PLC

RECOMMENDED FINAL OFFER FOR

THE GATEWAY CORPORATION PLC

CLOSES 3.00 PM JULY 24th 1989*

Newgateway is offering 242p in cash for each Gateway share

Copies of the Final Offer document and forms of acceptance may be obtained from:

Samuel Montagu & Co. Limited 10 Lower Thames Street London EC3R 6AE

N M Rothschild & Sons Limited New Court, St. Swithin's Lane London EC4P 4DU

*Newgateway's Final Offer will not be revised or increased; however Newgateway specifically reserves the right to extend its offer beyond July 24th, 1989. If Newgateway's Final Offer is unconditional as to acceptances on July 24th, 1989, the Final Offer will remain open for acceptances for at least 14 days thereafter.

This advertisement, which has been issued by Samuel Montagu & Co. Limited, N M Rothschild & Sons Limited, Wasserstein Perella & Co. International Limited and Dillon, Read Limited, members of The Securities Association, on behalf of Newgateway PLC (Newgateway) has been approved by a duly authorized committee of the Board of Newgateway. The Directors of Newgateway are the persons responsible for the information contained in this advertisement. To the best of the knowledge and belief of the Directors of Newgateway who have taken all reasonable care to ensure that such is the case the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of Newgateway accept responsibility accordingly.

UK COMPANY NEWS

Distribution side helps Fitch Lovell to £32m

By Nikki Tall

FITCH LOVELL, the food manufacturer and distributor, yesterday unveiled pre-tax profits up from £27.8m to £32m in the year to April 29.

Turnover increased to £537m (5539m), although if disposed businesses are stripped out of the 1987-88 figure, the rise is about 20 per cent.

The profits advance comes after only a modest 7 per cent improvement at the interim stage, and the shares gained 3p to 277p yesterday.

is due to close in September. On the specialist distribution side, the Blue Cap subsidiary improved on its previous depressed performance, but has now been relaunching as Fitch Distribution Services, absorbing the contract distribution activities of UYC.

On the manufacturing front, trading profits were £19.8m (£19m), with sales rising from £294.5m to £313.2m. Fitch reported good performance at its bacon-processing and fish operations, but said the other meat businesses - Disons, Ashmourt, and Trent - showed a collective £3m reduction in profits on the previous year, although remaining in surplus overall.

Carlton talks spark rise in Thames share price

By Raymond Snoddy

SHARES of Thames Television, the largest ITV company, rose 40p at one point yesterday, following news that the company had been having exploratory talks with Carlton Communications about the possibility of a friendly Carlton takeover.

£25m US expansion for Dobson Park

By Clare Pearson

DOBSON PARK Industries is expanding its industrial electronics division with the \$40m (£24.7m) purchase of Elgar Electronics Corporation, a Californian power supplies manufacturer.



Alan Kaye - looking to branch out into new areas.

Cash bid values Alva at £5.5m

By Nikki Tall

ERI, a newly-formed investment company owned jointly by Ensign Trust and La Compagnie Financiere Edmond de Rothschild Banque, last night announced a cash bid for Alva Investment Trust, a small trust specialising in unquoted companies and part of the Throgmorton/Framlington stable.

and obliges it to make an offer to all shareholders. Last night, ERI's advisers said that the intention was to obtain a majority position in the trust, but that the quotation was likely to be kept.

its advisers concede that there are significant parts of the portfolio which would not fit, and various changes would be made. Last night, Alva's managers said that they would await the formal offer from ERI and advise shareholders then.

Finance director quits as FKB advances to £8.8m

By Edward Sussman

MR NEIL McClure, finance director at FKB Group, who has spearheaded the sales promotion and marketing company's aggressive US acquisition strategy, is to resign at the end of August.

After making a series of fairly large sized acquisitions, FKB shows signs of wanting to slow down a bit and focus on basics. While analysts believe smaller companies (especially a San Francisco base) are still targets, without Mr McClure FKB is unlikely to keep up the unusually active pattern of the past year.

Really Useful stake for sale

By Andrew Hill

MR BRIAN BROLLY, the former managing director of Really Useful Group, is planning to sell his 14.45 per cent stake in the leisure company, which he helped bring to the market in 1986, for more than £1m.

They each sold roughly half their stakes at flotation in 1986. Mr Brollly is still involved in producing musicals, has started a theatre production company, ROSCO Holdings, and is bidding for the licence to operate a new London radio station, Classic FM.

Nevertheless, FKB said it was exploring further US sales promotion and marketing acquisitions and planned to expand its direct marketing operations in the US and UK. FKB said it planned to replace Mr McClure internally and that a strong finance team was already in place.

US operations accounted for about 40 per cent of gross profit in 1988-89, from nil a year earlier. This is expected to rise to 60 per cent in the current year.

GrandMet to purchase US optical superstore chain

By Nikki Tall

GRAND METROPOLITAN, the UK food and drinks group, is acquiring Eyselab, an optical superstore chain in the US. No price has been disclosed, but it is thought to be about \$90m-£100m.

GrandMet said the two transactions were part of a strategy to upgrade US operations. Eyselab, which is being bought from CNC Holding Corporation, has 72 superstores, in 12 major US cities. It has annual sales of about \$100m (£61.84m).

Dominion out of film insurance and into mortgages

By Clare Pearson

Dominion International yesterday announced the latest twist in its labyrinthine history with plans to sell FFL Holdings, the film insurance company, barely a year after it was bought, and replace it with York Associates, a New York mortgage company.

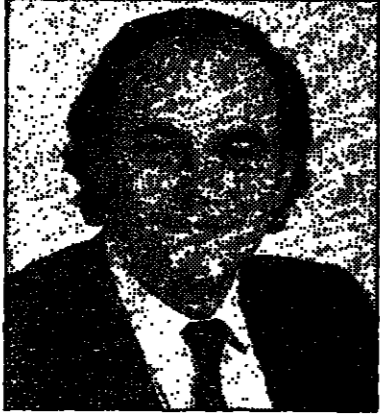
Dominion, a financial services, property and natural resources company announced the moves yesterday as it unveiled pre-tax profits of £5.44m in the year to end-March. The previous year's profits, originally announced at £6.6m, were restated at £4.87m. This was ascribed to the adoption of more conservative accounting policies at the motor leasing business.

The initial consideration for York is £29m, to be satisfied by the issue to the vendors of £6.5m worth of Dominion shares and the balance in cash over two years. There is a further performance-related payment to a maximum of £12.9m. The results were worse than expected in the City but the shares, apparently helped by a maintained dividend, fell just 5p to 75p. Turnover fell to £36.4m (£40m), and earnings per share, helped by a lower tax charge, worked through at 6.42p (5.61p). The final dividend is maintained at 3p, making 5.6p (5.5p) for the year.

York's principal source of income is fees from originating and servicing mortgages. Specialising in originating and servicing mortgages for blocks of flats, it made \$8m in the last financial year.

Last month Dominion announced it was selling the Guardian, its Hong Kong-based property management subsidiary, to Southwest Resources, its associate with interests in oil and gas. The sale gave rise to a profit of \$3m.

However, as a result of low take-up of a rights issue made at the same time by Southwest, and underwritten by Dominion which was earlier reducing its stake in the company, has left Dominion with a 45 per cent stake, more than double its previous holding.



ROBERT PEEL Chief Executive, Mount Charlotte Investments Plc

ROBERT FLEMING & CO. LIMITED

has advised MOUNT CHARLOTTE INVESTMENTS PLC in raising approximately £100 million through the issue of £100 million 10.75 per cent First Mortgage Debenture Stock.

FLEMINGS INTERNATIONAL INVESTMENT BANKING

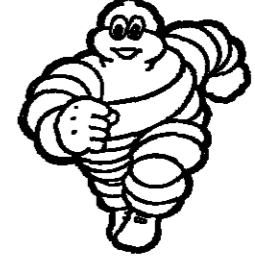
NEW YORK LONDON HONG KONG TOKYO SYDNEY SAN FRANCISCO PARIS FRANKFURT BANGKOK TAIPEI MANILA SEOUL

25 Cophthall Avenue, London EC2R 7DR. Tel: 01-638 5585

Approved by Robert Fleming & Co. Limited, a member of The Securities Association and The International Stock Exchange.

This announcement appears as a matter of record only.

June, 1989



Michelin Investment Limited

has purchased

National Tyre Service Limited

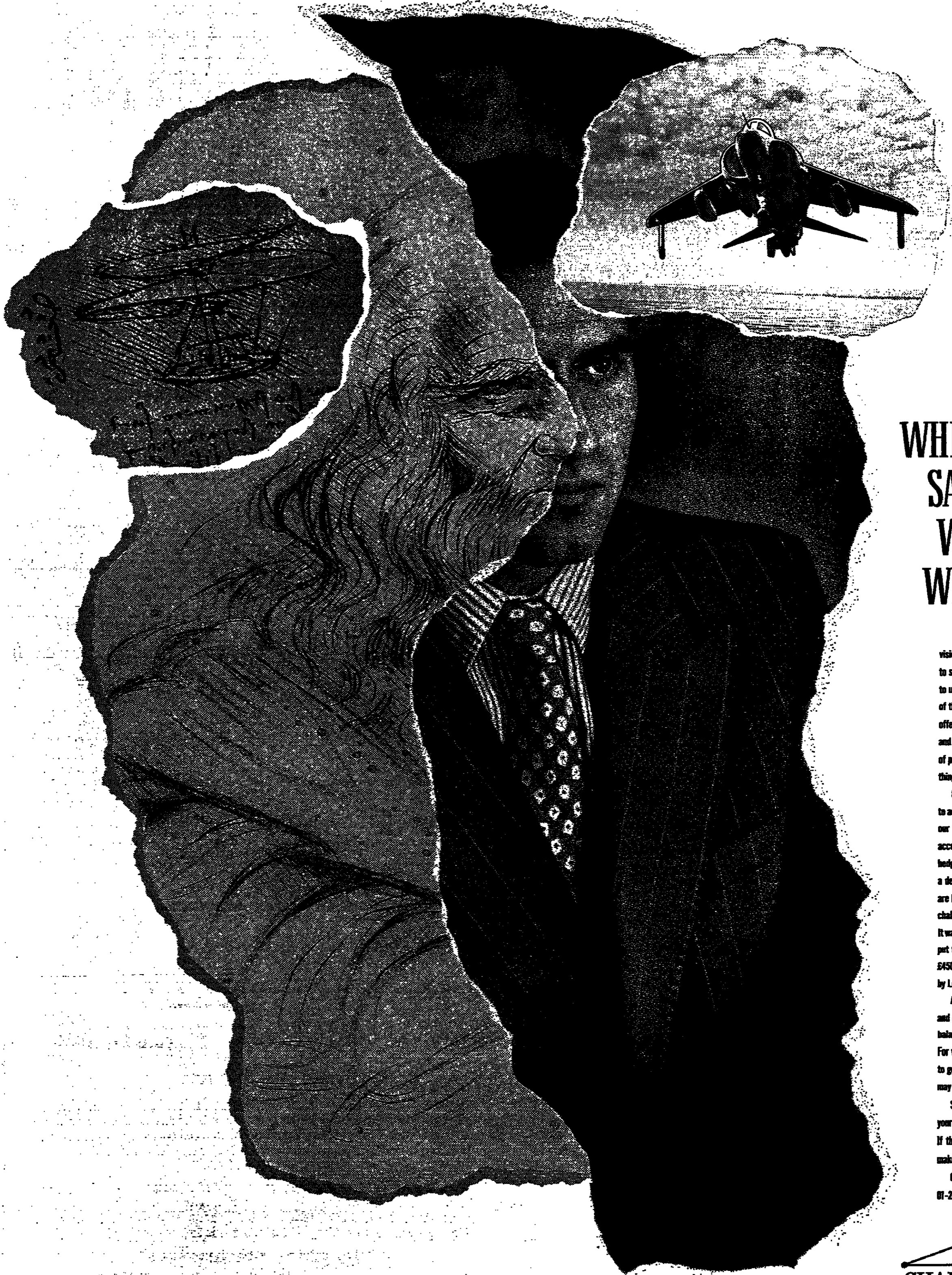
from

BTR plc



Bankers Trust International Limited

acted as financial adviser to Michelin in this acquisition.



WHILE SOME SAY WHY, WE SAY WHY NOT.

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It was Charterhouse who helped put together and finance the \$450 million consortium buy-in by Lloyds Guinness.

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FINANCIAL TIMES SURVEY

On average one new science park opens every week around the world. As a base for high-tech R & D, they have proved a big success.

Even the current property downturn is unlikely to deter further growth in this specialised sector, reports **Clive Cookson, Technology Editor**

An all-round success story

FROM the viewpoint of higher education, technology policy or property development, science parks have been one of the great success stories of the 1980s.

At the end of the 1970s the world had only a couple of dozen science and technology parks. About half were in the US, following the lead of California's pioneering Stanford Research Park (the heart of Silicon Valley), Research Triangle in North Carolina and Route 128 in Massachusetts. France and Belgium had seven "technopoles" between them. And in the UK Cambridge Science Park and Harriet-Watt University Research Park (Edinburgh) were still struggling to get established.

Now there are several hundred science and technology parks worldwide, and an average week sees the opening of at least one new park somewhere in the world. As this survey will show, their character varies greatly from place to place.

Estimating the number of parks depends very much on what you count as a science park. Since the science park movement has been bedevilled by contradictory definitions, it is probably just as well to get these out of the way here.

A good expression of the traditional Anglo-American view comes from Trinity College, the founder of Cambridge Science Park: "A science park is a collection of high-technology industrial companies or research institutes in attractive, well landscaped surroundings, developed to a very low density, situated near a major university - and enjoying significant opportunities of interchange with that university. It is a means of bringing suitable industry and applied research close to the sources of scientific progress."

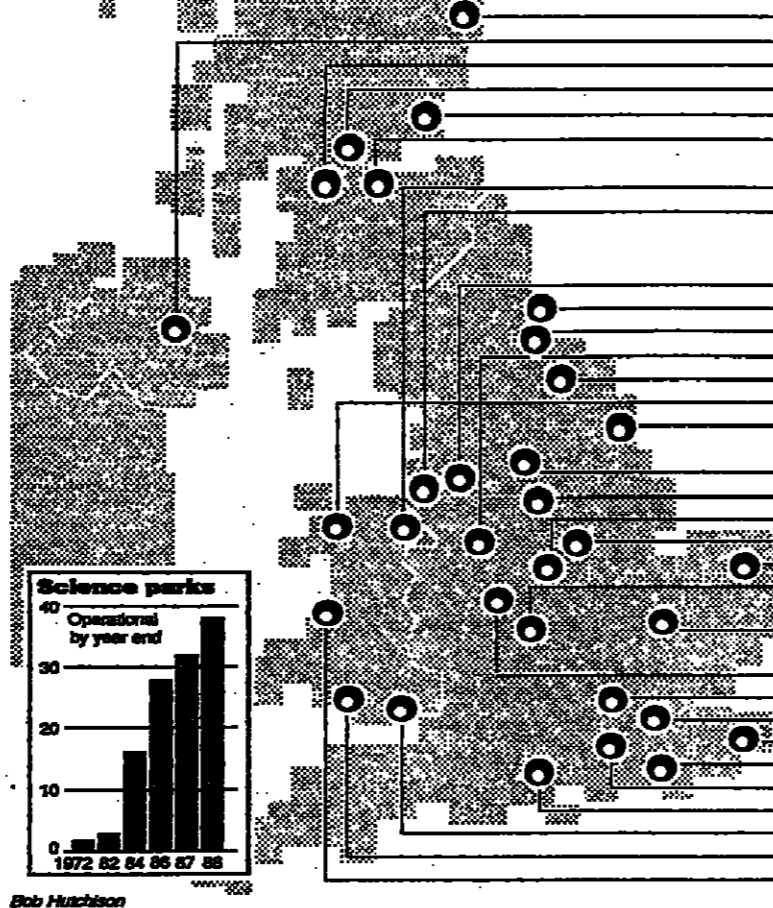
By this standard, there are still well under 100 science parks worldwide. In the UK, the University of Warwick Science Park and Surrey Research Park have emerged during the 1980s as successful examples of this type of landscaped university park.

But many other successful UK science parks would not pass the Cambridge test, because they are inner city developments and do not have space for "well landscaped surroundings developed to a very low density." South Bank Technopark, which packs 38 companies into a 1.7 acre site near the Elephant & Castle in London, is a good example.

The UK Science Park Associ-

Operational science parks in the UK

Parks 28, Average 57,000 sq ft, Buildings under construction 1,201,000 sq ft



Park Name	Total area (acres)	Buildings (sq ft)		Number of tenants
		Complete	Under construction	
Aberdeen Science & Technology Park	60	13,000	21,500	6
Arlon Technology Park	74	58,100	43,800	8
West of Scotland Science Park, Glasgow	81.5	77,500	-	21
Sirring University Innovation Park	14	25,800	-	17
St Andrews Technology Centre	0.8	18,000	-	4
Heriot-Watt University Research Park, Edinburgh	56	380,000	155,000	32
Newtech Science Park, Didsley	-	52,000	37,700	20
Wrexham Technology Park	-	109,000	2,700	5
Merseyside Innovation Centre, Liverpool	2	14,000	-	15
Bolton Technology Exchange	2.5	25,000	30,000	16
Manchester Science Park	15.5	25,000	32,000	17
Stafford University Business Park	5	44,000	-	18
Sunderland Technology Park	-	19,400	-	9
Durham Mowbray Research Centre	2.7	33,700	-	25
Keele University Science Park	15	23,200	-	10
Belasis Hall Technology Park, Billingham	-	55,000	55,000	30
Manx Technology Enterprise Centre, Bangor	2	3,500	10,800	5
Nevelands Centre, Hull University	3	74,000	-	14
Levenshulme Science Park, Bradford University	11.8	107,800	23,100	31
Springfield Science Park, Leeds University	2	31,800	-	8
Sheffield Science Park	3	17,000	35,000	32
Loughborough Technology Centre	3	29,800	-	17
Highfields Science Park, Northham University	18	59,200	12,000	22
Univ. of East Anglia Science Park, Norwich	12	2,800	-	47
University of Warwick Science Park, Coventry	42	227,000	30,000	47
Cambridge Science Park	130	890,000	398,000	98
St John's Innovation Centre, Cambridge	19	26,100	85,000	31
Aston Science Park	22	156,400	50,000	90
Univ. of Birmingham Research Park, Edgbaston	8	36,000	2,200	15
Brunel Univ. Science Park, Uxbridge	5.4	84,000	12,500	25
South Bank Technopark, London	1.7	72,400	-	50
Kent R & D Centre, Univ. of Kent, Canterbury	10	14,500	-	5
Sussex University Technology Park	3.5	101,500	11,000	14
The Surrey Research Park, Univ. of Surrey, Guildford	70	310,000	81,000	43
Citywest Research Centre, Southamption	26	81,000	150,000	21
Cardiff Business Technology Centre	1.5	17,200	-	15
Sussex Innovation Centre, Univ. College	3.4	28,000	15,000	20
Aberystwyth Science Park	6	28,000	-	10

Source: United Kingdom Science Park Association

Science and Business Parks

ation (UKSPA) has a definition that fits 38 British parks. It says that a science park "is a property-based initiative which:

- has formal and operational links with a university or other higher educational institution close to the sources of scientific progress;
- is designed to encourage the formation and growth of knowledge based businesses and other organisations normally resident on site;
- is a management function which is actively engaged in the transfer of technology and business skills to the organisations on site."

By ignoring the physical appearance of the development, the UKSPA definition certainly allows the most unappealing urban "parks" to qualify. But it would not be appropriate in many countries outside the Anglo-Saxon world, such as southern Europe where the French technopole or technopolis is the favourite model.

The typical technopolis is on a larger scale than a UK science park. Its emphasis is very much on stimulating regional economic development by attracting the research and development activities of large established companies. Until recently there has been little or no emphasis on generating new companies, encouraging technology transfer or developing links with the local university or research institute.

Mr Dick Porter, the science park specialist at management consultants KPMG Peat Marwick McLintock, has a set of brief definitions which apply more generally outside the UK. He distinguishes between:

- "innovation centres, which are small developments with limited space geared to start-ups;
- science parks, on landscaped sites adjacent to a higher educational institution, suitable for both new and established knowledge based enterprises;
- research parks, which are often similar to science parks but may have a greater range

of manufacturing activities with less obvious connection to educational establishments;

- technology parks (or technopoles) which are large areas where knowledge-based activities are concentrated and where technology transfer links with higher education institutions are often tenuous."

In practice, of course, the barriers between Mr Porter's four categories are fuzzy, and many parks pick the "wrong" label for their name.

Whatever working definition is chosen, there will always be business parks outside it, calling themselves science or research or technology parks in an effort to take advantage of the successful and progressive image that these words create. In fact these are often just upmarket commercial property developments. They may indeed be better landscaped than many true science parks but they have no formal links with a research centre or educational institution and do not attempt to promote technology transfer or innovation.

In parts of the world where science parks are flourishing, there has been a parallel boom in business parks during the past five years. But most true science park operators believe that their developments are more likely to succeed commercially in the long run, if they make sure that all tenants are involved or associated in some way with research and development.

As Dr Tom Broadhurst, chief executive of Manchester Science Park, told a recent UKSPA conference, it appears from the US experience that the commercial failure rate is much higher among business parks "which have tried and failed to latch on to the science park image" than among real science parks.

During the science park boom of the past six years universities in the UK have generally been in a strong enough position to keep their parks pure. But as Mr Harry Nicholls, managing director of

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the growing demand for space. Mr Arthur Kimmer, UKSPA chairman, says that a recent survey showed "most parks substantially full, most planning extensions with a large proportion of pre-lettings, and most taking in new tenants."

During the three years to the end of 1988, both the total amount of space let to UK science park tenants and the amount under construction doubled - from 1.5m sq ft to 3m sq ft and 600,000 sq ft to 1.2m sq ft respectively. At the same time there was a dramatic fall in the area built but not occupied, from 390,000 sq ft to 140,000 sq ft.

Looking to the future, UKSPA knows of a further 18 science parks at various stages of the planning process - which could presage a further wave of new openings in the early 1990s. Among the proposed developments are several plans to give Oxford its first science park.

The most ambitious proposal is Emersons Green, a joint project by Bristol and Bath universities in association with Bristol Polytechnic and various property and finance companies, to build a US-style science park on 500 acres just off the M4 motorway, designed to attract the research and development centres of major companies. The \$500m project would comprise 3.25m sq ft of office and laboratory space as well as associated shopping and leisure facilities, 300 houses and flats and a hotel.

The consensus view in the science park movement seems to be that the UK could comfortably take a total of 50 to 60 parks. That would allow most universities to have a park - and leave a few over for polytechnics, government research establishments and perhaps one or two major companies (following the lead of ICI which has set up Belasis Hall, a successful technology park alongside its huge petrochemicals complex on Teesside).

Science park operators are confident that they are well placed even to withstand hard times ahead. "With the downturn in the property market which I think everyone can see coming, science parks will have some protection through their special characteristics," says Dr Tom Broadhurst of Manchester Science Park.

As Dr Tom Broadhurst, chief executive of Manchester Science Park, told a recent UKSPA conference, it appears from the US experience that the commercial failure rate is much higher among business parks "which have tried and failed to latch on to the science park image" than among real science parks.

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SCIENCE AND BUSINESS PARKS 2

Fashion labels every development as a business park, reports David Lawson

'Let there be parks' said the planners

IN THE beginning were science parks. And these begat technology parks, which begat research parks of all and varied kinds, which begat office parks that called themselves campuses. And the face of the land was thick with parks, and the developers saw this was good.

When business parks emerged from all this begatting is a moot point. Science parks and their ilk had been a bit of a problem. They tended to be for small, start-up businesses where academics could work up their ideas in a semi-commercial climate. These technicians wanted smallish premises on short leases which could mix and match offices, laboratories and storage — with perhaps a little light manufacturing.

That is not what property investors wanted. They hungered for familiar buildings let on 25-year leases to companies with a few years' profit figures to prove they can provide a safe stream of rents in future. Mixing all those activities was impossible anyway under the noses of planners suspicious of losing industrial space to offices.

The label was the one thing they coveted. "Science park" sounded new, vibrant and modern; a marvellous sales gimmick. So a plethora of these labels were slapped across every scheme which could boast a high-tech connection. In some, that connection was so tenuous that it merely related to the high-tech look of brightly painted buildings.

But tenants were being attracted by the carload. Driven out of town centres by congestion, staff shortages and high rents, the most unscientific companies were drifting to parks set in greener pastures. These cocked a snook at planners, sping the science-based companies by switching and changing the way they used buildings for offices and manufacturing. Some became almost pure offices.

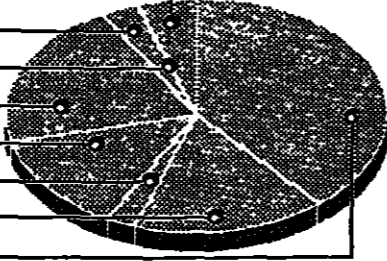
This was a mutation among all the begatting, and led to developers dropping the science label in favour of a more honest description. They called it business space. The dam finally burst when the Govern-

UK Business parks - floorspace

Regional floorspace potential (June 1989)

Scotland	5.0%
Wales	3.0%
N. Ireland	0.3%
The North	20.5%
The Midlands	13.2%
East Anglia	2.5%
South West	16.5%
South East	38.0%

UK total: 224 million sq ft



ment revolutionised planning controls a couple of years ago and swept away the barriers between offices, research and industrial uses. Sites of old factories could now be transformed to rapidly expanding service industries.

It is fashionable to label every development as a business park, although this can be as economical with the truth as the bad old days of pseudo-

Science park sounds new and modern; a fine sales gimmick

science parks. The problem is that there is no-one to set a definition in the way the UK Science Parks Association has named its children.

Almost every pocket of modern development outside a town centre claims the pedigree. But developers are also thinking big: more than 50 parks of 1m sq ft and above are planned, according to Mr Andy King, who has made a special study for research group APR. This has helped rack up the astonishing UK total of more than 190m sq ft of space being promoted as business parks — more than the total existing office space in central London.

Comparison with offices rather than the industrial space that business parks were first designed for is quite apt. The most modern schemes directly compete with town centres, and sometimes boast the same rent levels.

A state-of-the-art develop-

ment such as Thames Valley Park outside Reading will boast of Digital's plans for a 500,000 sq ft headquarters, while Stockley Park near Heathrow, the acclaimed market leader, has pulled in Control Data and Toshiba. But these are not all research laboratories and manufacturing buildings. Sections are certainly devoted to servicing, distribution and research, but they are predominantly highly sophisticated administrative centres.

Pure office companies are increasingly attracted to these centres because they can live comfortably next to such manufacturing that still takes place. Producing a computer is hardly more disturbing to neighbours than operating one. The attraction is mainly to "back-office" operations.

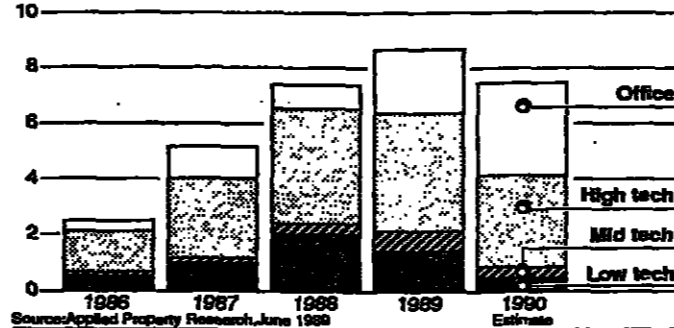
These can be easily shuffled off by large groups which keep a head office in town. Rents are lower but the buildings can take all the new technology required. And most important, staff are easier to attract because of the parking and proximity to home of an edge-of-town park.

This attraction is beginning to work up the seniority ladder, however, and it may not be long before regional and head office operations more used to the high street are spinning off to business parks as managers become harder to attract into city centres.

A year ago surveyors Healey & Baker found that up to 25 per cent of the UK's business space was being taken by accountants, insurance and

UK Business parks - completions

million sq ft



Source: Applied Property Research, June 1989

financial companies and professionals. Since then the moves have accelerated. Pioneers in this diaspora, according to APR, include Barclays Bank to Westwood Park, Coventry, and the Pearl and Royal Heritage Assurance companies to Peterborough Business Park. But they are doing no more than emulate giants such as IBM, which created their own "parks" with massive headquarters on greenfield sites.

The rest of Europe is set to follow this pattern but is currently repeating the confusion which dogged the UK. Amsterdam and Paris have their off-centre office campuses, southern France its technology parks, and Spain its technology parks; but nowhere is there a "real" business park fitting the definition offered by agents such as Mr Andrew Burt at Jones Lang Wootton.

He sets an ideal derived from patterns imported from the US to match changing business patterns and implemented by UK schemes like Stockley and Thames Valley parks. The "real" business park is on a greenfield site of more than 25 acres (10 hectares), close to main national roads and airports, with high-class multi-storey buildings in landscaped surroundings and generous car-parking.

This may seem over-enthusiastic for an ideal, particularly on some successful UK office campuses which fail to qualify because they do not have a wide spread of uses nor a variety of ancillary services such as leisure and shopping to

attract staff. Others are disqualified for being too small to create the momentum for self-sustaining growth — but they are still growing.

And as long as the tenants like what they are getting, why should it matter whether an ideal is met?

There is the rub, because with an average of four developments emerging each week in the UK, tenants will soon be spoiled for choice. Mr King at APR says only the best will attract the top payers needed to make them viable, particularly the office tenants which must be drawn out of city centres.

Smaller schemes will work where they have a special function such as relieving congestion in provincial town centres. But they also need special attractions. In Cardiff, for instance, John Coombes at Gooch & Wagstaff is brimming with confidence over a 16-acre park which may include a 150-bed hotel — a concept tried and tested in the US. But APR sees a shadow hanging over most parks with a rag-bag of buildings and poor services.

That message could apply right across mainland Europe, where UK developers like Higgs & Hill, L&T and Slough Estates are building up a lead before the local competition learns that there are fundamental differences between science and business parks.

That took a while to sink in back in the UK. In fact there are still some signs of confusion, as local authorities and developers try to cover a variety of options with flashy marketing and high-tech labels. Only when they fail to attract either scientists or businesses will they realise they are building the worst of both worlds.

PROPERTY Widening activity

THE SLOWDOWN in activity perceived in some areas of commercial property development appears to have left untouched the emerging partnership of corporate sponsors and professional property companies in the field of science parks and similar high-technology property projects.

While the pace of openings of science parks in the UK has slackened, this can be ascribed to a natural slowing down from the boom years in the mid-1980s when the concept was still relatively new to Britain rather than to any loss of faith.

Newly-planned science parks may be finding it a shade more difficult to attract commercial sponsorship but this is a problem shared by all investment projects at present. Existing parks appear to find no problem in attracting funds for the planned expansion of projects.

The Surrey Research Park, originally planned in 1984 and opened two years later, is moving into Phase Five of its development phase, which will be completed in 1994 when 50 per cent of the project will have been carried to fruition. The park has stuck to its original definition that only clients involved in research and design are acceptable. Dr Malcolm Parry, of the Surrey Research Office, reports that a high proportion of new space is taken up readily by existing corporate residents of the park.

Previous phases of the Surrey development have been largely pre-let and Dr Parry sees no slackening in the pace of interested potential corporate partners or commercial tenants.

The success of the science park phenomena has brought to more than 40 the total number of parks recognised by the UK Science Park Association (UKSPA) and the number rises sharply if account is taken of the many similar but essentially imitative projects which have followed down the same path.

Definition is a difficult matter; the Surrey Park includes a 120 bedroom Post House Hotel at Guildford which is essentially part of the park's infrastructure. Many technology-based parks now take account of such opportunities, and of the requirement for such facilities by high-technology companies which are often, almost by definition, internationally ori-

ented. The science park concept has its roots in the US, where commercial sponsorship has a longer history of participation in research-based or academic campus developments.

A review of science parks and high technology developments carried out by the decade drew attention to the discrepancies between the US and the UK experience. On the other side of the Atlantic, the initiative for the formation of science parks lay largely with the universities, in contrast with the UK where the universities were less prominent at first. At the same time, US science parks were usually very large, offering greater opportunity for research, development, marketing and even manufacturing

Parks appear to find no problem in attracting funds

operations to settle down in proximity.

The pressures on UK universities — to commercialise research and to seek out business sponsorship is likely to provide a spur to science park development; but it will also increase the pressures to accept companies with manufacturing, as well as research and development interests.

Among projects reporting significant property take-up has been the Birchwood Science Park at Warrington Cheshire. The town stands as a good example of the marriage of commercial and research needs. It has been fuelled by its geographical position close to the hub of good road communications and benefited from the high degree of publicity generated by some early entrants to the new corporate area.

Since the beginning of last year, Birchwood, which was developed by Warrington and Runcorn Development Corporation on a long lease with funding from the NCR Ltd Pension Plan, has successfully proceeded with the letting of stage two, known as Birchwood Boulevard.

MBS plc has paid \$31,000 per annum for about 8,000 sq ft on a lease expiring in 2011; ICI's International Electronics subsidiary has paid \$28,620 for a lease on 5,480 sq ft of office

space to house its management and commercial centre. At Risley Science Park, also in Warrington, Acoustic Technology and Stratus Computers have both taken office.

At Abingdon Business Park, sometimes called Oxford Science Park, Standard Life, the owner, has completed the final lettings at Windrush and Hiltchin Court at about £10 per sq ft to a clutch of tenants including Central TV and Research Machines Ltd.

These and many similar developments bear out the changing image of the UK science park. While high technology research and development associations may play the leading role in setting a science park on its feet, further development encompasses a wider range of activity. The provision of test bed facilities for computer research is often only a small step from full manufac-

ture.

At Solent Business Park, for example, where the aim is to build a low density campus environment, the most prominent feature of recent letting has been the acquisition of 105,000 sq ft by Digital Equipment, which has agreed terms on a further 75,000 sq ft. However, there has also been significant take-up by a variety of tenants ranging from Willis Faber, the insurance broker, to Société Générale de Belgique, of smaller office units perhaps less immediately identifiable as high technology usage.

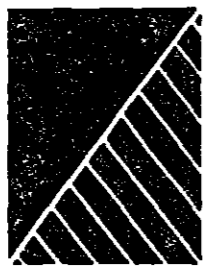
The Drivers Jonas report discovered that commercial support for science parks leaned more heavily on such factors as proximity to an international airport than even the availability of university support. From that basis, it is not difficult to argue for the inclusion of good quality hotel and restaurant facilities in a science park, and indeed, many new projects will offer such facilities.

The trend towards science parks linked to industrial rather than academic research was spotlighted by the opening last year of Belasis Hall Technology Park, next door to ICI's Teesside chemical complex. Its early success indicates that in the changing climate for university-based research, it may have pointed the way to the future.

Terry Byland

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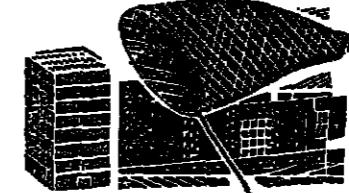
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SCIENCE AND BUSINESS PARKS 3

Charles Batchelor on park tenants' difficulties in raising finance

Uncomfortable partnership

THE high technology-based companies which set up on Britain's science parks and the venture capital industry should be made for each other. Who else will be able to provide the high returns which are sought by the venture capitalists if it is not the companies developing the technologies of the future?

Sadly, science park tenants have a poor record of raising venture capital finance and a jaundiced view of the venture funds. Only 3 per cent of science park companies use venture capital to get started and only 8 per cent take in second stage venture finance once they are established.

Many science park companies look on venture capital more as 'venture capitalist' acknowledges one financier. They see the venture capitalist as seeking the maximum stake in their company for the minimum level of investment.

Venture capitalists undoubtedly do drive a hard bargain with their investee companies. But the financiers attribute part of the problem to the academic and technical background of many of the founders of science park companies.

This can make the company founder suspicious of the commercial motives of the venture capitalist and the venture capitalist, in turn, suspicious of the management abilities of the people he is being asked to back.

A second important reason for the failure of science park companies to attract much venture capital funding is the distance of many of the parks from the main sources of venture capital in London and the south-east.

Hatt Science Park Investments, a fund set up by Hambros Advanced Technology Trust (Hatt) to invest £1m in science park companies in 1988, has encountered little competition from other national venture capital funds in its search for attractive investments, according to Mr Alexander Anton, investment manager.

But the problems that science park companies face in raising equity finance are only part of more far-reaching difficulties affecting small companies in general and high-technology companies in particular.

The association is working on a plan to create new seed capital funds of between £5m and £10m each to specialise in particular sectors such as biosciences and medical products. It also hopes to persuade large City investors to allow the venture capital funds in which they invest to set aside part of their funding for seed capital purposes.

Despite the urgency of these efforts to increase the availability of seed capital finance the flow of new funds to technology-related companies has not dried up entirely. True, the bulk of new fund-raising by venture capitalists is intended to finance their passion for management buy-outs and buy-ins. But a number of more modest funds have been raised specifically for technology purposes in recent months.

Kordia and Company, a business and technology consultancy, announced a £5m seed capital fund to invest in technology-based start-ups in March. The Kordia Seed Capital Fund plans to invest in up to a dozen start-up companies over the next five years in fields such as health care, bio-technology, advanced materials and information technology.

A further small boost for technology investments came in May with the creation by Greater London Enterprise, a business development agency owned by 13 London boroughs, of a £50,000 fund to provide seed capital for technology-based start-ups. The Kick Start Technology Feasibility Fund will invest amounts of between £5,000 and £25,000.

The banks too are increasing their involvement in high-tech companies despite doubts about their ability to operate in such a high risk field so far removed from the conventional banking area. Barclays Bank has for some time made a speciality of helping such companies but is now being emulated by the other large banks.

National Westminster Bank has created a special Technology Unit, comprising managers trained to understand the problems of technology-based businesses, and set up a new Seed Capital Loan Fund to provide finance. The fund will make loans of between £5,000 and £50,000 to help fledgling businesses research and develop new ideas and products.

Despite these signs of a modest revival of interest in start-up and technology-based businesses the venture capitalists and the banks are proceeding with caution. Of the six investments which Hatt has made since it set up its science park fund two have failed to perform and have had to be sold on at cost. Science park companies should be ideally placed to benefit from local networks of advice and assistance but even they are not immune to the problems which can overwhelm the small business.

Investments in 1987 to just 9 per cent last year, according to the British Venture Capital Association. But the outlook for small high-technology companies is not completely bleak. The venture capital industry and the government are both keenly aware of the shortage of equity funding for what is a crucial sector of industry.

Lord Young, Trade and Industry Secretary, recently called for venture capitalists and the banks to invest more in high-tech businesses. The government has committed £25m to its Small Firms Merit Awards for Research and Technology (Smart) scheme over the next three years. This is too little, in the view of some critics, but it will help about 150 small businesses or individuals a year to develop ideas which could not tap conventional sources of finance.

Prince Charles last month added his voice to those calling for more backing for small and high-tech businesses. With the exception of the Smart scheme neither the government nor the universities had organised systematic help or tackled the fundamental issues facing innovators, the Prince told the British Venture Capital Association's annual dinner.

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MERSEYSIDE INNOVATION CENTRE

An inner city option that runs counter to current trends

IF Cambridge represents one extreme of the UK science park movement - in terms of its size and character as a extensively landscaped development with few central management services - Merseyside Innovation Centre is a good example at the opposite end of the scale.

Its 15 tenants share a two-story 1950s brick building, originally Liverpool University's nuclear physics department, on a two acre site in the shadow of city's Roman Catholic Cathedral.

But MIC's role as a provider of accommodation to young science-based companies - in other words its traditional science park role - is subsidiary to its outreach function, giving advice and technical assistance to small companies throughout Merseyside.

"Over the last three years we have helped about 1,000 individuals or companies," says Mr Arthur Rimmer, MIC executive director. "MIC's role has been increasing greatly both in terms of quantity and in terms of the type of assistance requested, and the centre has been undergoing a process of rapid organic growth."

MIC was set up in 1982 as a joint initiative by Liverpool University, Liverpool Polytechnic and Merseyside County Council. Mr Rimmer says its primary purpose was and still is to act as a regional development agency - "to help regenerate the regional economy through technology."

A second objective is to strengthen the links between the higher education establishments and local industry. The core of MIC's work is the technical advisory service. This helps clients both to solve specific technical problems and to develop new business opportunities, innovations and inventions. "Our prime task is to identify the relevant package of technology required in each case and foster the transfer from the owner of the technology to the recipient, to their mutual benefit," Mr Rimmer says.

Recently MIC has expanded its technical support service into areas of marketing and training, and it is planning a

further extension into a financial advisory service. The training programme, which has grown particularly fast this year, includes VTS courses in basic computer literacy, the Shell-sponsored STEP programme introducing undergraduates to small companies, the Manpower Services Commission-sponsored Graduate Gateway programme introducing graduates to small companies, and special training programmes for individual companies. MIC is also working with the university to retrain graduates working in industry and to develop "the idea of enterprise" among undergraduates.

In addition there are special activities, such as advising Merseyside companies on quality assurance.

Although MIC has 11 full-time staff, much of the advisory work is done by outside experts. "We hire a whole host of part-time consultants from the university, polytechnic and elsewhere," Mr Rimmer says.

The centre's own tenants cover a wide range of activities. The largest is Liverpool University's Environmental Advisory Unit - now established as a limited company - with 27 employees. Another is Tachograph Analysis, concentrating on the devices in

trucks and buses which record speeds and distances travelled. One of the smallest tenants is Integrated Materials Technology, a wife-and-husband company making fibre-reinforced composite materials.

The 15,000 sq ft MIC building is now completely full and there is a waiting list of small high-technology companies and entrepreneurs who want to come in. Mr Rimmer is therefore looking for additional space - a further 30,000 sq ft would be ideal - and funding to expand MIC's science park activities.

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SCIENCE AND BUSINESS PARKS 4

The EC is playing a direct role in promoting parks, writes Clive Cookson

Rapid growth throughout Continent

THE science park movement is growing rapidly throughout Europe. But there is considerable variation between the style of parks in different countries.

France has Europe's grandest vision. Local authorities, particularly in south-east France, are setting up large-scale technology parks or technopoles, which have more in common with, say, Research Triangle Park in North Carolina than with even the largest British or West German parks.

According to a survey of European science parks by Mr Dick Porter of management consultants KPMG Peat Marwick McLintock, the number of operational technopoles in France rose from six in 1985 to 18 in 1988. A further 14 are under construction and 12 in the planning stage.

To give an idea of the scale of the technopoles, France's 18 operational parks have a total of 1,877m square metres of accommodation, compared with 300,000 sq m for the 38 UK science parks.

An average French technopole has 14 times more space available than a British science park. And the largest and oldest technopole, Sophia Antipolis, sprawls over 650 hectares of hillside overlooking the Rivi-

era near Nice. Although the early technopoles concentrated on wooing large high-technology companies - particularly in electronics and computing - the emphasis is beginning to change. Technopoles are increasingly incorporating innovation centres or incubators for small companies and start-up ventures.

The average French science park has 14 times more space available than its British counterpart.

At the same time, organisations known as pépinières (seedbeds) are becoming widespread. They are designed to help new companies bring products to the market. KPMG estimates that half of France's technopoles are developing facilities of this sort.

Elsewhere in southern Europe, the science park movement is emerging more slowly. Six of Spain's 17 regions now have a *parque tecnologico*, similar to the French technopole. The parks in Madrid and Bar-

celona are located in industrial development zones, alongside existing research establishments and technology based companies (AT&T and Pirelli respectively).

Italy has only limited science park activity. Tecnopolis Novus Ortus (New Rising), started near Bari in 1984, comes closest to a conventional science park. Although it currently has only 20,000 sq m in use by 15 companies, considerable expansion is planned for the next five years.

Science parks in northern Europe tend to come closer to the UK model. In West Germany 68 "innovation centres" have sprung up since the launch of the pioneering BIG centre in Berlin in 1983. The movement is now spreading to Austria, where the first innovation centre opened in 1985 followed by six more last year, and to Switzerland.

According to Mr Heinz Fiedler, managing director of the Association of German Technology and Enterprise Centres (ADTE), at the end of 1988 the 68 German centres had a total of 300,000 sq m let to 1,269 companies with 9,059 employees. In total, therefore, the German innovation centre movement is similar in size to the UK Science Parks Association, but

the individual centres are smaller on average than British science parks.

In Belgium, four science parks were set up in the 1970s (in Brussels, Leuven, Louvain-la-Neuve and Liège) and today there are seven fully operational parks. The Belgian approach has been similar to the French technopole, with emphasis on attracting established research-based corporations.

Mr Porter of KPMG says that Belgian parks have Europe's lowest proportion of start-ups and independent companies; about two-thirds of their tenants are either established Belgian companies or subsidiaries of foreign companies.

Science parks have been slower to develop in neighbouring Holland. The first ones were established at Groningen and Leiden in the mid-1980s. Today the Netherlands has four operational science parks with three more under construction or planned.

Scandinavian science park activity is furthest advanced in Sweden and Finland, each of which has seven fully operational parks. Norway is just getting under way, with one operational park and four under construction or planned.

Despite the differences across Europe, parks in different countries do share many common features. One is that the investment in park infrastructure and buildings comes largely from the public sector.

CAMBRIDGE SCIENCE PARK
Leader of the pack

IN ONE respect, Cambridge is far ahead of England's other ancient university city. While rival groups fight for planning permission to build Oxford's first science park, Cambridge Science Park is quietly celebrating 19 years in business and consolidating its position as the UK's largest and most successful science park.

Although Trinity College formally established CSP in 1970, when it requested outline planning for the first 14 acres, construction of accommodation for the original tenants - Laser-Scan, did not start until 1973. (Laser-Scan, founded by three researchers from the university's Cavendish Physics Laboratory to commercialise computer-controlled laser deflection techniques, is still on the same site - now with 150 employees.)

There were four tenants when CSP was officially opened in 1975. The development gained momentum only slowly during the late 1970s but it quickly gathered pace during the early 1980s, as Cambridge became a fashionable location for high-technology companies.

Local economists still debate the extent to which CSP helped to fuel the "Cambridge Phenomenon" - the growth of science-based industry in and around the city. Some say that cause and effect were more the other way round: publicity about the Cambridge Phenomenon brought success to the science park.

CSP expanded to 86 acres when Phase 3 started in 1982 and 110 acres with the addition of Phase 4 in 1985. This year construction starts on Phase 5, the final stage, which will fill in the remainder of the 130-acre CSP site owned by Trinity College on the north-eastern outskirts of Cam-

bridge, between Milton Road and the A45 northern by-pass. Buildings totalling 677,000 sq ft are now complete, with a further 135,000 sq ft to be constructed for Phase 5.

Although most of the architecture is conspicuously high-tech, Trinity College has not attempted to impose a uniform style and the aesthetic standards of the buildings vary. Fortunately CSP's largest tenant - Napp, a pharmaceutical company specialising in controlled release drugs - has put up an elegant sloping-sided building, designed by Arthur Erickson of Canada, for its 350 staff.

CSP has been landscaped in what is becoming the classic science park style, with lawns sloping down to lakes and plenty of trees between the buildings. Dr John Bradfield, Senior Bursar at Trinity and the person most responsible for CSP's success, says that the ultimate aim is for the park to look as good as the mature gardens of Cambridge colleges.

Commercial activities at CSP are restricted to applied scientific research; light industrial production which is dependent on regular consultation with scientists in the area; and ancillary activities appropriate to a science park office. The 70 tenants cover a wide range of science and technology. Some are small companies recently established by business-minded Cambridge scientists. Others are branches of multinational companies which think that the scientific excellence of Cambridge provides a favourable environment to develop a particular sector of their activities (for example GEC's Marconi Maritime Applied Research Laboratory) or an essential location for a listing post (IBM Academic Systems Marketing).

New companies that are too small to afford their own custom-built premises can start life inside one of the two Cambridge Innovation Centres, incubator units which supply shared facilities. Space in the recently completed second building costs about £14 per sq ft to rent.

Although Trinity College actively promotes liaison between CSP tenants and university laboratories, it has never insisted on such contact. "Cambridge, as a world-famous research centre and hot bed of high technology enterprise, does not need and is too diverse to provide the kind of formal links between companies and academics which the term 'science park' sometimes implies," Dr Bradfield says.

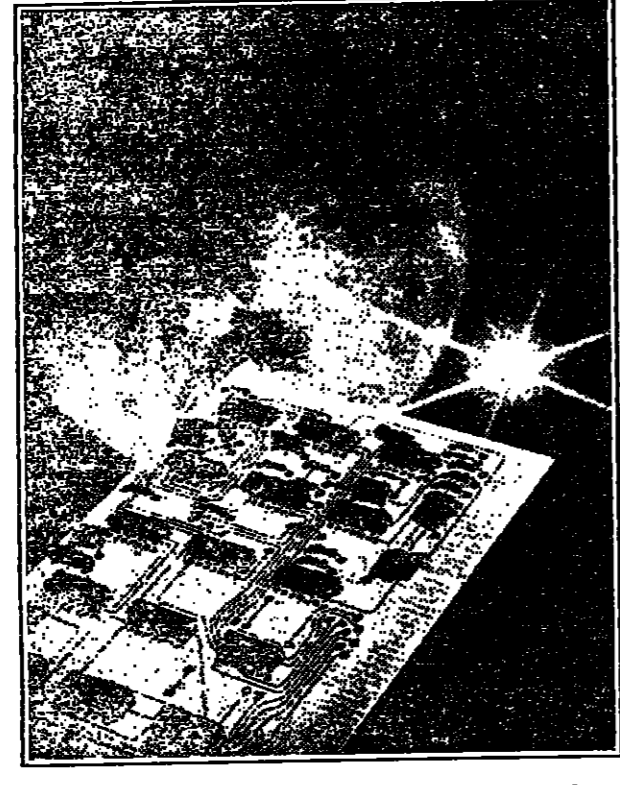
"But the majority of CSP companies benefit greatly from personal, technical, financial or less tangible kinds of liaison, either all the time or when the need arises, and they know that they have only to lift the telephone to be helped with further contacts. Equally, a valuable commercial awareness is developing in the university - hard though both of these trends are to measure."

CSP now has a baby sister. St John's Innovation Centre, which St John's College opened in 1987 on a 19-acre site next to CSP, is primarily an incubator for new ventures.

Meanwhile in Oxford the next round of the battle over the proposed Isis Science Park begins this month, when the developers will put in a new planning application for a 130-acre park on Hinkley meadows. Opponents claim that this would be an unacceptable violation of Oxford's green belt.

Clive Cookson

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SCIENCE AND BUSINESS PARKS 5

United States

Search for sophistication

RESEARCH parks in the US are trying to forge more links with their counterparts at home and abroad in the search for greater sophistication in an ever-more competitive market.

Where, for example, a university is trying to commercialise some of its research, its neighbouring science park could draw through its informal network on a much larger pool of investors with the necessary finance and expertise.

A surge of science park creation during the mid-1980s has left an abundant supply of space and a dwindling number of yet unattached research institutions

Internationalisation is also being spurred by factors abroad. "Europe seems to be a hot ticket with lots of interest in the impact of 1992," said Mr Chris Boettcher, executive director of the Association of University Related Research Parks, in Tempe, Arizona.

said Mr Gordon Carlisle, a Philadelphia consultant to the Kyoto park. The Philadelphia end draws on the large, 26-year-old University City Science Centre.

and effective centre here on the eastern seaboard for technology transfer. However, most parks lack the financial resources of such mature establishments as Research Triangle and Philadelphia.

"Research parks are developing more formal programmes and networks to facilitate technology transfer from academic to commercial realms," said Mr Carlisle.

It is early days yet and parks are trying to work out how to put their relationships on a fair and formal footing. What sort of fee or royalty, for example, should a park get for introducing an investor to another park trying to promote a promising piece of new technology?

Another trend in the US is the growing participation of private sector real estate companies in the development of

parks. In some cases they become partners of a research institution.

The relationship has to be carefully defined to prevent the parties' differing goals creating friction. The real estate company is likely to be motivated more by profit and the university by enhancing its research function.

But the two can also complement each other, argued Mr Glenn Mitchell, general manager of Canada's Edmonton Research Park and the president of the AURRP. "The private sector partner can bring discipline, initiative and drive to these projects which universities often lack."

A notable partnership example is Oakland Technology Park in the Detroit suburb of Auburn Hills. It began in 1983 as an attempt by concerned local people to reverse the con-

siderable loss of jobs in the Detroit car industry.

Comerica, the second largest bank holding company in Michigan, bought 1,100 acres of land adjacent to 700 acres owned by Oakland University, a state-funded school which had some links with the motor

The rate of park formations has fallen dramatically and sponsors of some projects are now having to cast their nets much further afield to find enough tenants

industry but not a particularly strong research function.

The park has attracted a large number of high-tech companies related to the motor industry. Chrysler, for example, is building a 3m sq ft technology centre, GMF Robotics, a joint venture between General

Motors and Fanuc of Japan, has established its world headquarters there. Other companies to buy land and build facilities include GKN of the UK and ITT World Automotive.

"Our early analysis showed it would take 18 to 20 years to fill up the park," said Mr Phil Houdek, programme director at Schostak Brothers, the real estate company brought in to manage development. "But now it's looking like 10 years."

Similarly, first estimates indicated the park would create or help retain some 25,000

jobs but the most recent forecasts is for 53,000 jobs when companies have finished investing some \$2bn-\$3bn and the park is complete.

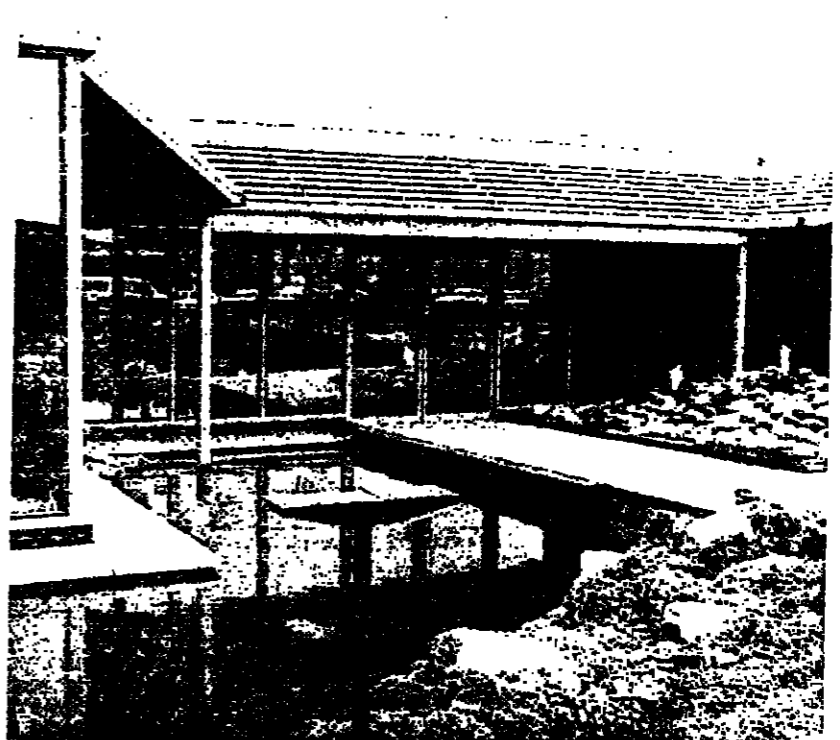
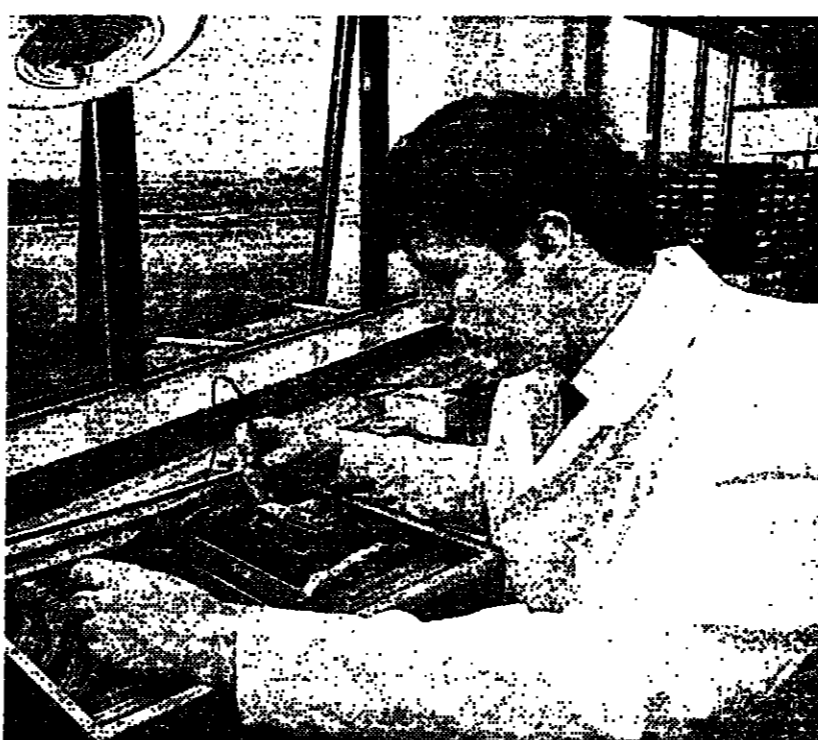
Not only are research parks having to offer more facilities to attract companies, they are also suffering some competi-

tion from business parks. Purists say these planned office and light industrial developments cannot claim to be research parks because they lack links with academic institutions. But for some companies they provide ample ambience and sufficient support to be a practical alternative.

The sector "is glutted in nearly every market," according to an annual survey by Equitable Real Estate Investment Management, a subsidiary of the life insurer. "The hope of this segment in the long run is its ability to accommodate different types of tenants as market forces dictate. However, with vacancy rates above 25 per cent in most areas, and more buildings planned and easily built, this product will remain weak into the early 1990s."

With such facilities claiming some of the bottom end of the park market and adding to the pressure of over-supply of true research parks, sponsors will be forced to become more professional and business oriented in the coming years.

Roderick Oram



THE Genesis centre in Warrington, part of the Birchwood Science Park (left); technician at Surrey Research Park, University of Surrey (above centre); and a high-tech building at Cambridge Science Park (above left). CSP, launched 19 years ago by Trinity College, is strengthening its position as the UK's largest and most

successful science park. There are several hundred such parks worldwide varying greatly in size and function. The sector has been bedevilled by definition. The trend is to label every development as a science/business park - however, this is often inaccurate. The problem is that no institution

has been able to set a feasible definition and almost every pocket of modern development outside a town centre claims the "park" title. Developers are also thinking big: more than 50 parks of 1m sq ft and above are planned in the UK. This has helped produce a UK total of more than 190m sq ft of space being

promoted as business parks - more than the total existing office space in central London. Surveyors Healey & Baker found that up to 35 per cent of the UK's business space was being taken by accounts, insurance and financial companies and professionals in research conducted a year ago.



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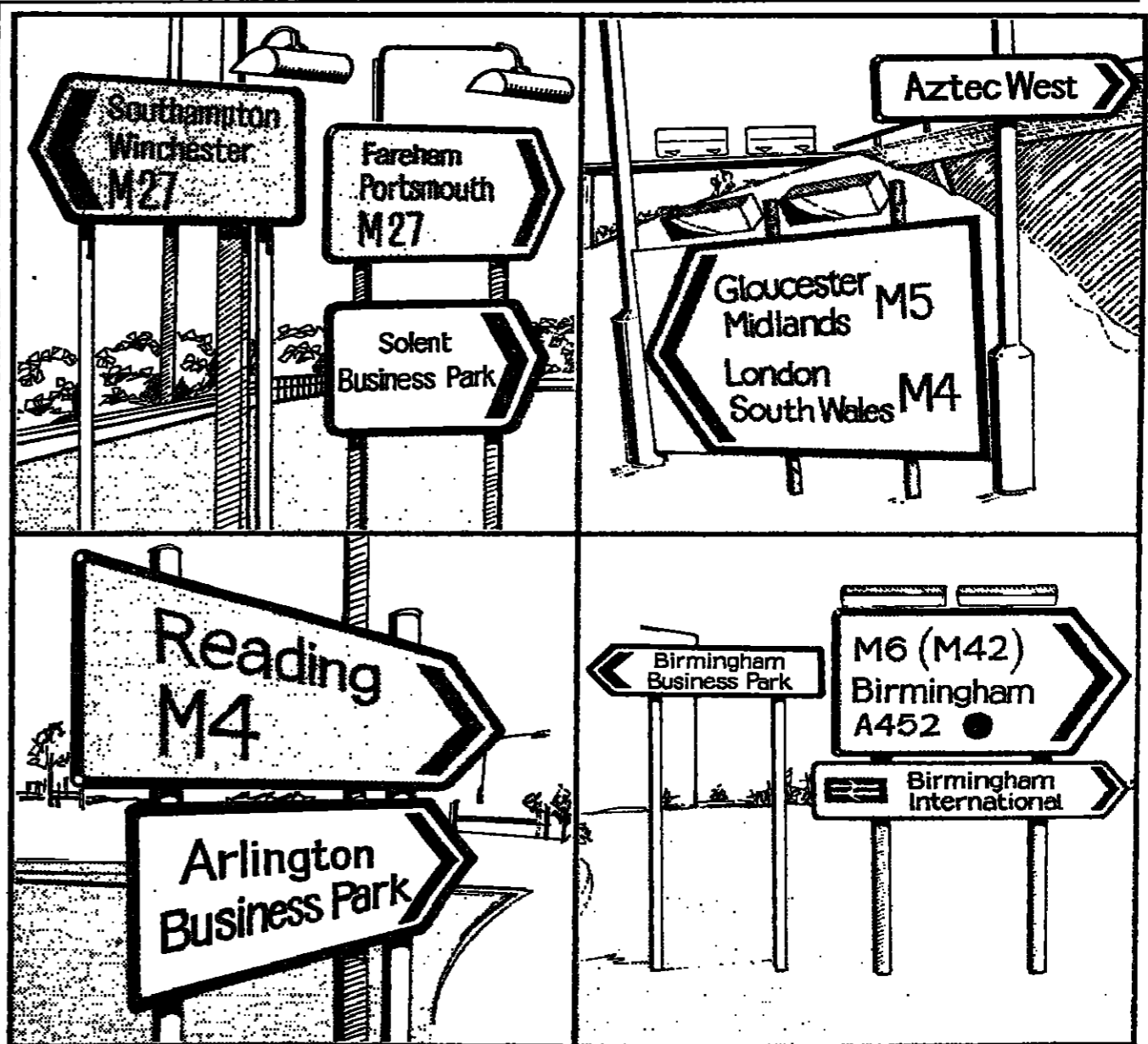
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COMMODITIES AND AGRICULTURE

Australia's BHP forced to import Canadian coal

By Gerard McCloskey

THE TIGHTENING supply of coking coal around the world has resulted in Australia, the world's biggest exporter of coal, being forced to import a series of cargoes from Canada.

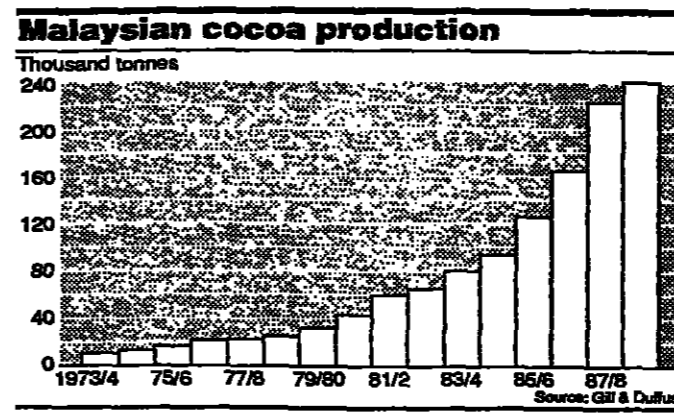
Eastern British Columbia and there are rumblings of discontent among South Africa's National Union of Mineworkers which could boil over into a strike.

customers first. But the most virulent outburst has come in a letter from Italy's state steel producer, Ilva, to Mr Paul Douglas, chairman of Pittston Coal, expressing the Italians' "frustration" at Mr Douglas's rejection of negotiations with Mr Rich Trunka, leader of the United Mine Workers' Association.

Malaysian cocoa surges into the big time

Lim Siong Hoon on a maverick producer which is climbing the world output league

NOT LONG ago, the Malaysian cocoa bean mattered little to the world; the country itself confined its attention to a few experimental farms, some cocoa plots here and there, and seedlings stuck in between rows of coconut trees.



From a mere 23,000 tonnes in 1977-78, production shot up to 60,000 tonnes in 1981-82 and 222,000 tonnes in 1987-88. In its latest market report, Gill & Duffus, the London trade house, estimates the 1988-89 total at 240,000 tonnes, placing Malaysia fourth in the world production league behind the Ivory Coast (750,000 tonnes), Brazil (345,000 tonnes) and Ghana (305,000 tonnes).

Some of their farms. Smaller farms produce 600 to 800 kg on the same acreage, which is still more than the average fields in Ghana or the Ivory Coast.

agreement," says the Malaysian Cocoa Growers' Council in a recent report.

In spite of its impressive growth Malaysian cocoa production still accounts for only 10 per cent of the world total - compared with the Ivory Coast's 32 per cent - and the Government feels that would not be enough to give it a loud enough voice within the organisation.

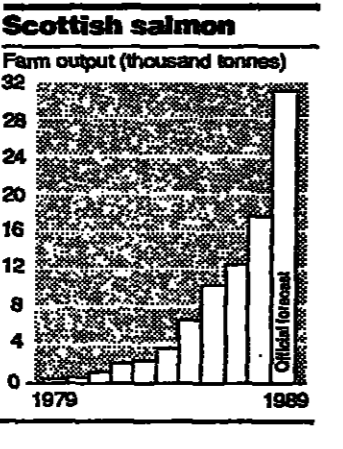
contract where quality is spelled out: for example, fewer than 3 per cent mouldy beans per bag; fewer than 100 beans per 100 gm and not the 120 that many Malaysian farms produce.

While the harvest increases, the quality of Malaysian beans continues to be regarded as inferior. The country is not listed in the cocoa agreement as a producer of exclusively "now fine or flavour" cocoa. It has the kind of quality Ivorians liken to poor wine and, therefore, suffers a price discount in the market.

High output hits salmon prices

By James Buxton, Scottish Correspondent

A NUMBER of Scottish salmon farms are feared likely to go out of business because of a sharp drop in the price of farmed salmon which is being blamed on overproduction by fish farmers in Norway.



producers are selling at below cost. Among steps open to the EC are bringing salmon within the EC fisheries policy and setting a reference price; setting up a deficiency payments scheme; and applying anti-dumping measures against Norway.

Japan worried over rising S African maize imports

By Yuriko Mita in Tokyo

IMPORTS of South African maize by Japanese manufacturers soared to an estimated 150,000 tonnes in the January-May period, a 57.1 per cent increase from last year, despite government exportations to companies to reduce ties with South Africa.

Gold price rise attributed to dollar weakness

THIS WEEK'S sharp rise in the gold price had more to do with the dollar's weakness than with news of the resumption of Taiwanese buying, London analysts said yesterday.

Chile aims to overtake Japan in iodine output

By Barbara Durr in Santiago

CHILE COULD more than double its 1988 iodine production by 1995 and thus become the world's largest producer. In 1988, Chile produced about 3,924 tonnes of 99.5 per cent pure iodine. By 1994-95, according to a special report in the Boletín Minero, the monthly publication of the National Association of Mining, Chilean production could reach 8,490 tonnes.

World Commodities Prices

Table with multiple columns showing prices for various commodities like Wheat, Soybean Meal, and Cotton. Includes sub-sections for 'LONDON METAL EXCHANGE', 'US MARKETS', and 'NEW YORK'.

LONDON MARKETS

Table showing copper prices and other market data. Columns include 'COPPER', 'SPOT MARKETS', and 'COTTON'.

WORLD COMMODITIES PRICES

Table showing prices for various commodities like Wheat, Soybean Meal, and Cotton. Includes sub-sections for 'LONDON METAL EXCHANGE', 'US MARKETS', and 'NEW YORK'.

US MARKETS

Table showing prices for various commodities like Wheat, Soybean Meal, and Cotton. Includes sub-sections for 'LONDON METAL EXCHANGE', 'US MARKETS', and 'NEW YORK'.

NEW YORK

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CHICAGO

Table showing prices for various commodities like Wheat, Soybean Meal, and Cotton. Includes sub-sections for 'LONDON METAL EXCHANGE', 'US MARKETS', and 'NEW YORK'.

SPOT MARKETS

Table showing prices for various commodities like Wheat, Soybean Meal, and Cotton. Includes sub-sections for 'LONDON METAL EXCHANGE', 'US MARKETS', and 'NEW YORK'.

FRUIT AND VEGETABLES

Table showing prices for various commodities like Wheat, Soybean Meal, and Cotton. Includes sub-sections for 'LONDON METAL EXCHANGE', 'US MARKETS', and 'NEW YORK'.

LONDON METAL EXCHANGE

Table showing prices for various commodities like Wheat, Soybean Meal, and Cotton. Includes sub-sections for 'LONDON METAL EXCHANGE', 'US MARKETS', and 'NEW YORK'.

US MARKETS

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IRELAND

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IRELAND

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LONDON STOCK EXCHANGE

Early rally in equities not sustained

A BATCH of special features provided the impetus for an early rally in the UK stock market yesterday but by the end of the session, weakness in the dollar stocks had dragged the sector back into negative territory.

The picture was a ragged one. The two-way pull in the marketplace was reflected in sharply contrasting trends among the blue chip leaders. ICI, Becton and Glasco were all down, as traders grappled with the erratic trading of earlier this week.

with a strike of railway workers. The picture was complicated by a very large share trade between brokers involving a low-priced, little-known stock in the market's gamma sector.

The market put on nearly 15 FT-SE points, with turnover helped along by these speculative situations. However, the advance ran out of support as

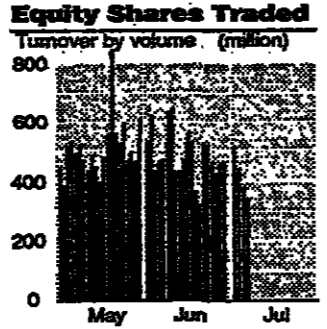
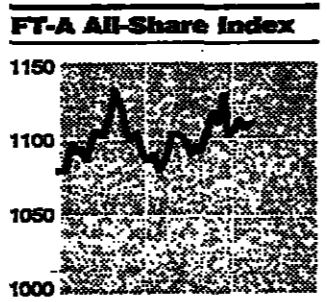
the major funds kept their heads down ahead of the opening of the Wall Street market. When New York came in easier, London cooled off quickly, and was struggling to hold overnight levels at the end of the day.

Goldman champions Rascal

A strong recovery developed in the two Rascal stocks, Telecom and Electronics, which found buyers again from both sides of the Atlantic. The shares have been marred recently in the wake of the UK Government's proposals for increasing competition in mobile telephones.

likely to win one," said Mr Browne Maddox, analyst with Kleinwort Benson. The advantages of the latter course, if Thames were the target, include Thames' library of programming and control over sections of the TV schedule.

Investors were tempted by press suggestions that Ranks Hovis Macdonnell was about to be subject to a bid from Sunningdale, a vehicle run by Sir James Goldsmith and Mr Jacob Rothschild, the financiers.



possibility of a takeover bid. Lloyds were upset by talk that one securities house had lowered its dividend forecast for the bank; at the close Lloyds were 5 down at 329p on turnover of 3.8m, easily the highest activity in the sector.

But dealers were quick to point out the possibility that Sun could well take the opportunity of a strong share price to launch a rights issue.

started a cyclical upturn that was more than just a bounce from contamination scares earlier this year. Poultry prices are firming, said Hoare and the stock "is one of our favourites as a bid play without much premium in the price."

Owners of 17 rights issued at 30p a share from Aberfoyle Holdings was welcomed by a 50 per cent improvement in full year pretax profits. The shares added 2 1/2 at 47 1/2p.

Additionally, a leading UK securities house was said to have been busy with the Rascal stocks on the view that they had been oversold and would respond quickly to a series of presentations to UK and US institutions which have been arranged over the next few days.

Dealers spoke of a possible 50p take-out price, but Mr Landy more said that Sunningdale, and Sir James in particular, would be happy to sell the stake at 25 a share, having bought it for around 24.

Two days of squeezes in Bechem were reversed, and a glut pushed the stock 16 lower to 632 on turnover of 2.8m shares.

British Telecom attracted good interest and closed marginally lower at 263p on trading of 1.2m shares. BT was a complete of pence ahead at 254p on turnover of 3.2m and electricity slightly harder at 253p on 1.5m awaiting the next moves in the long drawn out and complicated bid battle.

Shares in the bigger television companies were set alight by the revelation that Thames TV was in talks that might lead to an offer from Carlton Communications. A statement from Carlton saying that the talks were "informal" and the publicity "premature" was taken by the market as confirmation of its intentions.

Potential predators are striking at the property sector, arousing intense buying activity and speculation over the next company in fall victim. Inury Merchant yesterday became the second company within fifty miles to receive a bid approach and, as in the case of Arlington Secur-

The clearing banks moved lower with the exception of Royal Bank of Scotland which pushed up 6 to 385p after the banks team at Citicorp Scrimgeour Vickers highlighted the

A series of presentations from Argyll since last month's takeover helped the shares add 7 at 219p. Mr John Woolman, analyst at Citicorp Scrimgeour Vickers, said that the programme of conversions of Presto supermarkets to Safeway is now reaping benefits in excess of cost.

Record profits of £8.76m, compared with £7.7m, failed to sustain the shares of FBK which back 6 to 334p.

Table with columns for various stock indices: FINANCIAL TIMES STOCK INDICES, S.E. ACTIVITY, and LONDON REPORT AND LATEST SHARE INDEX. It lists values for different categories and dates.

Table with columns for trading volume in major stocks, showing volume, price, and other metrics for various companies like BSB Group, Anglo-Thai, etc.

refining and chemicals." He adds that "prices of petrochemicals have plunged since late in the second quarter and refining margins have fallen 50 per cent in Europe and the US." The BPZ estimate for Shell in 1989 has been cut from £3.825bn to £3.675bn and for 1990 from £3.675bn to £3.36bn.

NEW HIGHS AND LOWS FOR 1989

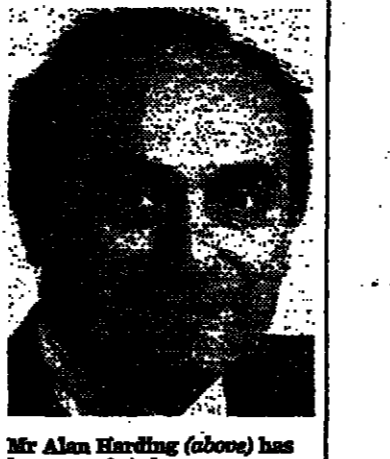
- List of company names and their status for 1989, including NEW HIGHS and LOWS categories.

President of SBAC

- List of appointments and changes in the Society of British Aerospace Companies (SBAC), including names like Mr Ron Howard, Mr John Stalker, etc.

APPOINTMENTS

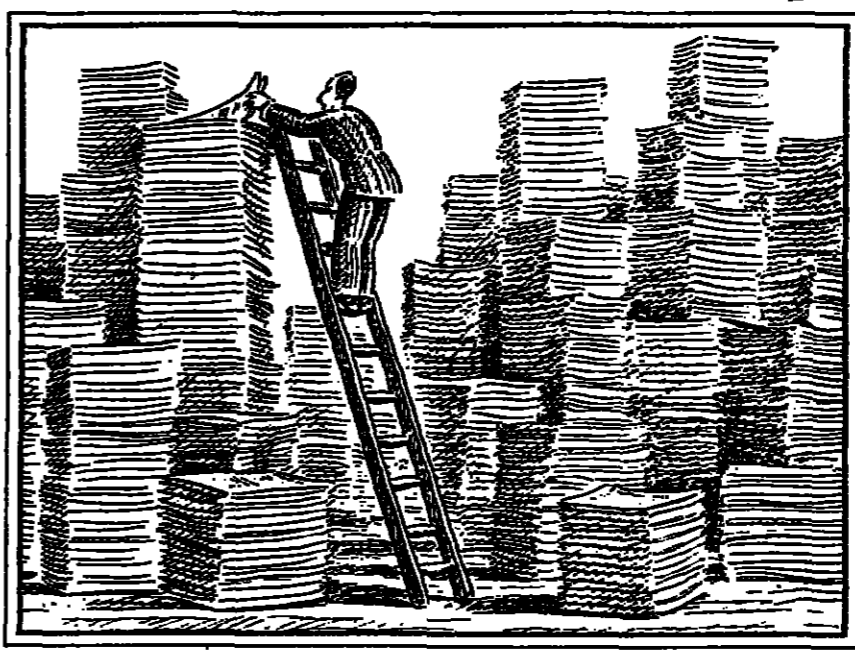
- List of general appointments and changes in various companies, including names like Mr Geoffrey P. Rees, Mr Graham F. Crocock, etc.



Mr Alan Harding (above) has been appointed company controller of BK UNITED KINGDOM. He was group controller of two divisions.

- Continuation of the list of appointments, including names like Mr John Knox, Mr Norman E. Davis, etc.

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FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc. with columns for Name, Manager, and other details.

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GUIDE TO UNIT TRUST PRICING. Text explaining how unit trust prices are calculated, including details on net asset value, unit price, and the effect of charges.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table of unit trust information with columns for company name, unit price, and other financial metrics. Includes sections for 'OTHER UK UNIT TRUSTS' and various insurance-related trusts.

INSURANCES

Table listing insurance companies and their unit prices, including AA Friendly Society, Abbey Life Assurance Co Ltd, and others.

Continuation of the main unit trust information table, listing various insurance and investment trusts with their respective unit prices and details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing FT Unit Trust Information Service data, organized into columns for various trust categories and individual fund details.

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

LUXEMBOURG (GD REGISTERED)

JERSEY (**)

GUERNSEY (**)

SWITZERLAND (GD REGISTERED)

GUERNSEY (**)

GUERNSEY (**)

GUERNSEY (**)

GUERNSEY (**)

GUERNSEY (**)

GUERNSEY (**)

GUERNSEY (**)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance, and details. Includes sections for 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Table of London Share Service listing various funds and shares. Includes sections for 'BRITISH FUNDS', 'COMMONWEALTH & AFRICAN LOANS', 'FOREIGN BONDS & RAILS', 'AMERICANS', 'CORPORATION LOANS', 'Money Market Bank Accounts', and 'Money Market Trust Funds'.

LONDON SHARE SERVICE

Main table containing various stock market data sections: AMERICANS-Contd, BUILDING, TIMBER, ROADS, DRAPERY AND STORES-Contd, ENGINEERING, INDUSTRIALS (Miscel.)-Contd, CANADIANS, BANKS, HP & LEASING, CHEMICALS, PLASTICS, FOOD, GROCERIES, ETC, BEERS, WINES & SPIRITS, HOTELS AND CATERERS, INSURANCES, and INDUSTRIALS (Miscel.) at the bottom.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union, and others.

LEISURE

Table listing leisure-related companies such as British Skyways, British Air Ferries, and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies like News International and Newsprint.

PAPER, PRINTING, ADVERTISING

Table listing companies in the paper, printing, and advertising sectors, including Newsprint and British Skyways.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of the paper, printing, and advertising sector table.

PROPERTY

Table listing property-related companies and their share prices.

MOTORS, AIRCRAFT TRADES

Table listing companies in the motors and aircraft trades sectors.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies.

SHIPPING

Table listing shipping companies and their share prices.

TEXTILES

Table listing textile companies.

TOBACCO

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

FINANCE, LAND, ETC

Large table listing various finance, land, and other companies.

TRUSTS, FINANCE, LAND - Contd

Continuation of the trusts, finance, and land sector table.

OIL AND GAS

Table listing oil and gas companies.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies.

OIL AND GAS

Table listing oil and gas companies.

OIL AND GAS - Contd

Continuation of the oil and gas sector table.

OVERSEAS TRADERS

Table listing overseas trading companies.

PLANTATIONS

Table listing plantation companies.

MINES

Table listing mining companies.

Far West

Table listing Far West companies.

D.F.S.

Table listing D.F.S. companies.

Central African

Table listing Central African companies.

FINANCE

Table listing finance companies.

MINES - Contd

Continuation of the mines sector table.

MISCELLANEOUS

Table listing miscellaneous companies.

THIRD MARKET

Table listing third market companies.

NOTES

Notes section providing detailed information about share prices, dividends, and company performance.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

IRISH

Table listing Irish companies.

TRADITIONAL OPTIONS

Table listing traditional options and their prices.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar nervous ahead of data

THE DOLLAR fell below DM1.8000 yesterday to touch its lowest level for two months, before recovering towards the close. Sentiment was driven by fears that the US Federal Reserve might cut interest rates in order to offset a perceived slow down in US economic growth.

Much depends on the release today of US employment data. Investors are likely to make decisions on whether the US economy is heading for a 'hard landing' or whether there is little justification for a cut in rates. The US Federal Reserve however, is more likely to be swayed by the rate of inflation, and as yet, there is no solid evidence to suggest that this has reached its peak.

Early trading in Europe saw the dollar hold above the DM1.80 level, but small scale selling in the relatively thin trading conditions soon pushed the dollar below this. But the US unit came back towards the close to finish at DM1.8910 from DM1.8905 and Y139.35 compared with Y138.90. Elsewhere, it finished at SF1.6220 from SF1.6200 and FF16.4075 against FF16.4125. On Bank of England figures, the dollar's exchange rate index was 69.8 from 70.0 on Wednesday.

Table with columns: Currency, Rate, Change, % Change. Includes Sterling, Euro, and other currencies.

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fall in sterling to result in an unplanned easing in monetary policy. While this always leaves open the option of planned easing, most traders read Mr Lawson's statement as a timely reminder that a weaker pound would probably prompt a rise in base rates.

Sterling rose to \$1.6220 from \$1.6185 and DM3.0675 compared with DM3.0625. It was also higher against the yen at Y226.00 from Y225.00. Elsewhere, it finished at SF2.6300 from SF2.6255 and FF10.8525 from FF10.8350. On Bank of England figures, the pound's exchange rate index rose to 91.9, down from a late afternoon peak of 92.0.

The D-Mark lost ground against the French franc despite a fall in short-term French interest rates. The West German unit slipped to FF3.3885 from FF3.3920 on Wednesday.

Table with columns: Currency, Rate, Change, % Change. Includes Sterling, Euro, and other currencies.

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FINANCIAL FUTURES

UK and German bonds weak

STERLING DENOMINATED contracts weakened on Liffe yesterday, and West German Government bonds also retreated more than wiping out Wednesday's gains.

Long gilt and short sterling futures finished at or very near the day's lows, but market volume was very thin. Mr Nigel Lawson, the Chancellor, speaking in Parliament reaffirmed the Government's commitment to a firm monetary policy. This confirmed the belief that UK

rumours of a spate of Euro-stirring issues added to the downward pressure, in expectation that this will lead position hedging via sales of gilts.

German Government bonds for September fell to 96.31 from 95.55, after touching a high of 95.80. The decline followed disappointment at an upward revision to 0.2 per cent from unchanged in June German cost of living, taking the year-on-year inflation rate up to 3.1 per cent.

Table with columns: Contract, Price, Change, % Change. Includes UK and German bonds.

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The Financial Times proposes to publish these surveys during 1989

Advertisement for City of London Property Retail Property, Property in Birmingham, Property Research & Information Systems. Includes contact information for Joanna Dawson.

Advertisement for GRANVILLE SPONSORED SECURITIES. Lists various securities with prices and yields.

Advertisement for I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Includes contact information.

Advertisement for JOTTER PAD. Includes a crossword puzzle grid.

Advertisement for CROSSWORD No.6,979 Set by VIXEN. Includes a crossword puzzle grid.

Advertisement for LOCKER PENCIL PAINTER ARTIST. Includes contact information and a list of services.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

48 □ □

4pm prices July 6

Main table containing stock prices, organized into columns with headers like 'High', 'Low', 'Close', 'Open', 'Change', and 'Volume'. Includes sub-sections for '12 Month High', 'Low', 'Close', 'Open', 'Change', 'Volume' and '12 Month High', 'Low', 'Close', 'Open', 'Change', 'Volume'.

Continued on Page 49

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Last, and Change. Includes a detailed list of stock prices and a section for dividend-paying stocks.

OVER-THE-COUNTER

Table of Over-the-Counter prices with columns for Stock, High, Low, Last, and Change. Includes a list of various OTC stocks and their prices.

AMEX COMPOSITE PRICES

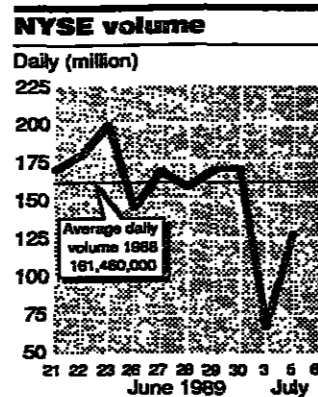
Table of AMEX Composite Prices with columns for Stock, High, Low, Last, and Change. Includes a list of stocks traded on the AMEX and their prices.

Advertisement for 'It's attention to detail' with contact information for Financial Times.

AMERICA

Dollar and bonds rebound prompts modest Dow gain

AS THE dollar and Treasury bonds rebounded, the Dow Jones Industrial Average also rose but its gains were modest and trading very subdued.



Wall Street was quiet and essentially featureless as the Toronto market closed slightly higher. The composite index rose 4.20 to 3,776.5.

EUROPE

Corporate developments enliven lacklustre trading

COMPANY news and rumours kept trading alive in a thin day for most bourses, writes Our Market Staff.

and dealers winding down for their summer holidays or preparing to escape next week's mammoth bicentenary celebrations in the capital.

owns 28 per cent of Valeo, dropped FF7.90 to FF442.10. The OMF 50 index was 0.06 higher at 456.18 and the CAC 40 index gained 0.41 to 1,731.57.

Banks were firm, while airline KLM added 10 cents to Fl 48.80 amid news of a higher June load factor.

Attention focused on ACEC, the engineering holding company, following news that Societe Generale de Belgique will merge it with Union Miniere.

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT-Actuaries World indices as at June 30, 1989 are expressed below in millions of US dollars and as a percentage of the World Index.

Table with 6 columns: National and Regional Markets, Market Capitalisation as at June 30, 1989, % of World Index, Market Capitalisation as at March 31, 1989, % of World Index, % change in \$ index since December 30, 1988.

Weak Pacific area keeps world's gains in check

Alison Maitland on second-quarter stars and losers

WORLD stock markets made only limited progress in the second quarter of this year, as weakness in the Pacific region offset gains in North America and Europe.

At the other end of the scale, the Pacific region excluding Japan suffered a drop of 5.4 per cent, largely because Hong Kong lost more than a quarter of its value as the bloody events in China unfolded.

North America enjoyed a slightly better second quarter, as shares added 7.6 per cent after a rise of 6.1 per cent in the first three months.

ASIA PACIFIC

Japanese buyers play 'kaleidoscope' game

Another strong day for the yen kept a flicker of buying interest alive yesterday, but trading was directionless and highly mixed, writes Michio Nohzono in Tokyo.

to keep things going and to reap profits while they could. "It was kaleidoscopic... The focus of buying seemed to be changing almost every 10 minutes," said Mr Masami Okuma at UBS Phillips and Drew.

ness prospects, turned weaker. Kawasaki Heavy Industries, first on the volumes list with 39m shares, finished Y10 higher at Y1,180 after reaching a high of Y1,200 earlier.

over of HK\$390m - the largest since mid-June - as hopes of lower interest rates grew.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with 10 columns: National and Regional Markets, Thursday July 6 1989, Wednesday July 5 1989, Dollar Index, 1988 High, 1988 Low, Year ago (approx).

Advertisement for Unilever N.V. featuring the Unilever logo, the text 'Lit. 150,000,000,000 12 3/4 per cent. Notes due 1994', and 'Issue Price 101 2/3 per cent.' It also lists various banks as agents.